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FBIS Report: Central Eurasia

FBIS-USR-94-126

CONTENTS

21 November 1994

COMMONWEALTH AFFAIRS

Western Countries' Policies, Goals in CIS States Assessed	[SEGODNYA 4 Nov]	1
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RUSSIA

POLITICAL AFFAIRS

Gaydar on Russian Development Choices	[ROSSIYA 19-25 Oct]	4
Zyuganov on Political Strategy	[ROSSIYA 19-25 Oct]	6
Rise of 'New Opposition' Noted	[SEGODNYA 13 Oct]	8
National Salvation Front Renewed	[ROSSIYA 26 Oct-1 Nov]	9
Zhirinovskiy Letter to Yeltsin	[SOKOL ZHIRINOVSKOGO Nov]	9
LDPR Duma Activity Noted	[SOKOL ZHIRINOVSKOGO Nov]	11
Zhirinovskiy Against Privileges	[PRAVDA ZHIRINOVSKOGO Sep]	11
Moscow Prosecutor on Gang Murders	[NEZAVISIMAYA GAZETA 28 Oct]	14
Deputy Murder Inquiry Continues	[KOMMERSANT DAILY 22 Oct]	15
Draft Criminal Code Discussed	[KOMMERSANT 14 Oct]	18
Precious Metal Smuggling Viewed	[KOMSOMOLSKAYA PRAVDA 27 Oct]	19

ECONOMIC & SOCIAL AFFAIRS

Issues of Currency Regulation Examined	[DELOVOY MIR 31 Oct-6 Nov]	20
Commission's Conclusion on Ruble's Fall, Desk Comments	[KOMMERSANT-DAILY 4 Nov]	23
CIS Summit in Moscow Seen as Step for Creating CIS Common Market	[MOSKOVSKIYE NOVOSTI 23-30 Oct]	25
New Press Committee Chairman Interviewed	[OBSHCAYA GAZETA 4 Nov]	26
State Regulation of Securities, Stock Market Mandated		28
Yeltsin Edict on Regulation	[ROSSIYSKAYA GAZETA 10 Nov]	28
Statute on Regulation	[ROSSIYSKAYA GAZETA 10 Nov]	30
Decline in Living Standard, Social Tension Increase Seen	[TRUD 5 Nov]	33
Economists View Reasons, Implications of Non-Payments	[DELOVOY MIR 24-30 Oct]	34
Monetary Market Reaction to Shokhin Resignation	[KOMMERSANT-DAILY 5 Nov]	38
Lax Security Measures at Ostankino TV Center Deplored	[OBSHCAYA GAZETA 4 Nov]	38
Draft Law on State Support for Media Critiqued	[OBSHCAYA GAZETA 4 Nov]	39
Ostankino Sociological Service Head on Draft Media Law	[OBSHCAYA GAZETA 4 Nov]	41
Ilyushin Aircraft Plant Hopes for Share of World Market	[SEGODNYA 15 Nov]	42
First Quarter 1994 Coal Industry Performance Detailed	[UGOL Jul]	43
Duma Labor Committee on Socio-Economic Policy	[DELOVOY MIR 1 Nov]	47
Roundtable Cites Threat to Technological Security	[DELOVOY MIR 17-23 Oct]	48
Jan-Sep Construction Sector Performance Viewed	[STROITELNAYA GAZETA 28 Oct]	59

INTERNATIONAL AFFAIRS

Text of Cooperation Agreement With EU	[DIPLOMATICHESKIY VESTNIK Aug]	66
Basis for 'Special Role' Within Former USSR Argued	[MEZHDUNARODNAYA ZHIZN Sep]	90
MFA Official on Importance of Ties With Latin America	[MEZHDUNARODNAYA ZHIZN Sep]	97

UKRAINE

POLITICAL AFFAIRS

President Implicated in Zvyahilskyy Affair	[AKTSENT 5 Nov]	101
Administrative Chaos Scored in Government, Legislature	[UKRAYINSKA HAZETA 27 Oct]	101
Decree on Crimean Control Commission	[KRYMSKIYE IZVESTIYA 16 Nov]	103
Crimean Control Commission Membership List	[KRYMSKIYE IZVESTIYA 16 Nov]	103
Statute on Crimean Control Commission	[KRYMSKIYE IZVESTIYA 16 Nov]	104
Official on Battle Against Organized Crime	[AKTSENT 5 Nov]	105
Trends in State of Press Portrayed	[HOLOS UKRAYINY 2 Nov]	107
Struggle for Influence Reflected in Votes	[POST-POSTUP 27 Oct-3 Nov]	110

ECONOMIC AFFAIRS

Crimean Official on Price Increases	[KRYMSKIYE IZVESTIYA 16 Nov]	111
Kiev City Jan-Sep Economic Statistics	[VECHIRNIY KYIV 1 Nov]	112
Donbass Miners Prepare for Possible Strike	[DONBASS 12 Nov]	113
Conflict Over Port Causes Monetary Losses	[KRYMSKIYE IZVESTIYA 16 Nov]	114

WESTERN REGION

BELARUS

Parliament To Debate IZVESTIYA Objectivity	[IZVESTIYA 10 Nov]	115
--	--------------------	-----

CAUCASUS

ARMENIA

Bank Chairman Anticipates Lower Inflation	[RESPUBLIKA ARMENIYA 16 Nov]	116
Premier Submits Economic Package to IMF	[RESPUBLIKA ARMENIYA 16 Nov]	116
Economic Aspect of Karabakh War Viewed	[AZG 4 Oct]	116
Links Seen Between Azeri Oil, Regional Wars	[LRAGIR 28 Sep]	117

AZERBAIJAN

Official Explains Radio Station Shutdown	[ZERKALO 12 Nov]	118
Baku Residents Polled on Growing Crime	[ZERKALO 12 Nov]	119
'Slapstick' October Coup Events Reviewed	[ROSSIYA 2 Nov]	120
Azerbaijan, Iran Discuss Oil Cooperation	[AZERBAYDZHAN 12 Nov]	122
Delegation Head Views CIS Assembly Results	[AZERBAYDZHAN 12 Nov]	122

BALTIC STATES

ESTONIA

Officials, Workers Assess Economic Reform Performance	[Helsinki HELSINGIN SANOMAT 1 Nov]	124
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Western Countries' Policies, Goals in CIS States Assessed

954F0281A Moscow *SEGODNYA* in Russian
4 Nov 94 p 3

[Article by P. Podlesnyy: "With Respect to the CIS, the West Is Increasingly Occupying an 'Active and Vital Position.' At the Same Time Narrowing the Traditional Sphere of Russian Influence"]

[FBIS Translated Text] At the present time an intensification in foreign policy activity by the West is being observed in various states, except in Russia, which appeared following disintegration of the Soviet Union. That is reflected in an expansion of political contacts and establishment of ties in the military sphere. It is important to remember that practically all the post-Soviet states have joined the NATO Partnership for Peace program. A number of large-scale contracts were concluded with Azerbaijan, Kazakhstan, and Turkmenistan for the development of petroleum, gas, and other deposits. Western countries began appearing with growing frequency with declarations supporting the independence and territorial integrity of those states. At the same time we are talking about an intensification in the activity of not only individual countries, for instance the United States, France, and particularly Turkey in the Central Asian region, and of Northern European countries in the Baltic Region, but of Western international institutions such as the European Union, Western European Union, NATO, Council of Europe, IMF, and others. With respect to Ukraine (to say nothing of the Baltic States), the policy of the West is becoming an independent factor affecting the formation of its specific approaches to Russia.

Many politicians and experts recognize that the principal reason for the growing involvement of Western countries in various regions of the post-Soviet space is the more "energetic" policy conducted by Russia in the near abroad, which hurls a political challenge at the West. According to the British researcher G. Lepingwell, "Russia, like any major power, will exert an influence on its neighbors. The problem that is facing the West consists of not allowing total Russian domination in the near abroad, while at the same time recognizing the existence of limited Russian interests there." Even though there are other more negative and more positive views, the viewpoint cited above is the prevalent one in Western political circles at the present time.

Quite an important role is also played by the West's aspirations to counteract the consolidation of its positions by Iran in Transcaucasia, China, and Central Asia, and also to gain perceptible economic and other advantages from the exploitation of the vast natural riches of these and other regions in the former USSR. The latest, highly impressive example is the signing on 20 September 1994 of an agreement between a consortium of Western and international companies and the Government of Azerbaijan concerning participation in the development of oil fields in the Caspian Sea region,

which, according to certain data, will allow the daily extraction of 700,000 barrels of high-grade crude during the four years of the agreement. As commonly known, the Russian LUKOIL Company has 10 percent of that contract. Its practical realization, however, will be a highly complicated matter, taking into consideration the fact that certain questions remain unresolved with regard to the route of the pipelines for transportation of the oil and the objections of at least some Russian government structures, which insist on the prior division of the oil fields among Caspian Sea states, i.e. Russia, Iran, Azerbaijan, Turkmenistan, and Kazakhstan. Here is another example—the declaration by the American Corporation for Private Investments (OPIC) in late October concerning financial support for two gold-mining projects in Kazakhstan and Kirgizia [Kyrgyzstan].

At the same time, motives of Western policy connected with the ensurance of nuclear disarmament and prevention of nuclear proliferation on the territory of the former USSR retain their full significance. It is not accidental that in the past nine months the United States has sharply intensified realization of the well-known Nunn-Lugar program: Russia, Ukraine, Belarus, and Kazakhstan have already signed 38 agreements on assistance in the safe liquidation of nuclear arms. In addition, in October a direct Washington—Almaty intergovernmental communication channel was placed in operation, similar to the communication channel at the American and Russian centers for lowering nuclear risk and the continuous communication channel between the United States and Belarus.

It is becoming clear that several zones of Western activity are gradually emerging in the post-Soviet space, with consideration of their realistic significance for the geopolitical and strategic interests of the Western powers: Russia, Ukraine, and states in Transcaucasia and Central Asia, Belarus in part, as well as the Baltic States, even though the latter do not belong to the CIS.

Inasmuch as the approaches of the West to Russia are not examined in this material, we will limit ourselves to the observation that no serious Western politician will deny the highly important role played by the Russian Government ensuring stability in the vast Eurasian space, resolving conflicts that exist there, and controlling the threat of Islamic extremism spreading from the South. It is not accidental that in one of his recent speeches U.S. Secretary of Defense W. Perry again reminded that "the reversal of Russian reforms may threaten the movement toward democracy, economic development, the sovereignty of neighboring countries that have just won independence, as well as the prospects of global cooperation."

The policy of the West toward Belarus is not distinguished by any particular scope. That is connected, first of all, with the fact that questions concerning denuclearization, including those related to its joining the Non-proliferation Treaty as a nonnuclear state were resolved

rather quickly, as well as with the rather unambiguous foreign policy orientation of Belarus toward Russia, and the lack of any kind of economic reforms. Therefore assistance, for instance, from the United States (in an amount of \$75 million), was granted for the safe disassembly of nuclear weapons as well as for the liquidation of the consequences of the accident at the Chernobyl AES (\$227 million). At the same time it is impossible to ignore the animation of contacts with Belarus, taking into consideration its important strategic position as a bridge between Russia and the West and also between the Baltic Sea region and continental Europe.

In the overall complex of approaches of the West to the building of international relations on the territory of the former USSR, particular significance is acquired by new factors in the policy of the West toward Ukraine. It is true, among the ruling circles of the West there is still no stable consensus on questions concerning relations with Ukraine, but at least the key geopolitical and geostrategic motives of the West, which constitute the basis on which these relations are formed, are becoming clearer and more evident. First of all, Ukraine represents a buffer zone, the size of France, between Russia and the larger part of Central Europe, and consequently it could reduce to a minimum any neoimperialist aspirations of Russia should they appear. These advantages for the West offered by the geopolitical position of Ukraine are particularly important with consideration of the probable inclusion of the countries of Central and Eastern Europe in the foreseeable future in Western institutions in the sphere of economy and security (EU/Western European Union, NATO). As noted, an independent and stable Ukraine could become an important link between the expanded economic, political, and defense community of countries of Western and Central Europe and a reformed Russia. Secondly, the development of internal difficulties and chaos in a country as large as Ukraine would certainly cause a deterioration in the prospects for stability and democratic transformation in Russia and other neighboring countries.

This prompts the conclusion regarding the feasibility of the West prodding Ukraine into the conduct of an all-encompassing program of economic reforms and the extension of appropriate aid to it. This has already started with the recent granting of the first loan to Ukraine by the IMF in an amount of \$370 million. Let us recall that the current Ukrainian leadership recently appealed to Western governments requesting assistance in an amount of around \$6 billion in 1995.

The treaty on partnership and cooperation concluded between the European Union and Ukraine on 14 May 1994 in Luxembourg should also play a part in stimulating reforms in Ukraine. Analysis of the treaty indicates that its provisions are advantageous mostly to the European Union (securing the transit of its goods to Russia); for Ukraine, however, at present they have only symbolic economic significance, even though they are of

importance politically. The aim of the treaty, however, which includes the nudging of Ukraine toward reforms, is undeniable.

On the whole the economic aspect of the West's policy toward Ukraine is yet to assume final form. The theoretical consensus which formed in the West regarding the need to stimulate market reforms in Ukraine is yet to be realized in practice.

As far as the Baltic states are concerned, the current situation in that region, the sharp decrease in the Russian presence in the Baltic region as compared with that of the USSR, suits the interests of the West.

Despite the fact that with respect to security, the aspirations of Baltic states are sympathetically received in the West, the question of their "return to Europe," which is a policy they proclaimed immediately after acquiring independence in August 1991, will be resolved in the economic sphere, and first of all through interaction with the European Union. In June 1993 the European Union Summit in Copenhagen decided in principle to admit a number of countries of Central and Eastern Europe and the Baltic states as members. In this connection the question was raised of the need for closer cooperation between the European Union and Latvia, Lithuania, and Estonia. In early February 1994 the European Union approved mandates for conduct of negotiations with the Baltic states on the conclusion of agreements on free trade, and on 18 July 1994 those agreements were signed. The agreements will go into effect on 1 January 1995. They envisage the creation of free trade zones for industrial goods exchanged between European Union and Baltic countries. At the same time the European Union, taking into account the economic situation in these countries, postponed the repeal of duty exemptions for imports from Lithuania (by six years) and Latvia (four years). Special conditions are also provided for textiles, agricultural products, and fish. K. Kinkel, minister of foreign affairs of Germany, chairing the European Union, who attended the ceremony marking the signing of the agreements, declared that they constitute an important step toward the earliest possible conclusion of "European agreements," with regard to which there is "a firm intention" of commencing negotiations before the end of this year. "European agreements" were concluded with a number of countries of Central and Eastern Europe. Beside the creation of free trade zones for industrial goods, they envisage a slackening of restrictions on the movement of services and capital, the expansion of cooperation in political and cultural spheres, and the inclusion of integrative legislation of the European Union in national law, and they also represent a serious step toward entry into the European alliance.

The European Union is also extending significant support to Baltic states within the framework of the "Group of 24," created for coordination of West European cooperation in the process of transformation in countries of Eastern Europe and headed by an organ of the

European Union—the Commission of the European Communities (KES). In November 1992 the European Union granted a seven-year loan to the Baltic states as their share in the "Group of 24," in the amount of 100 million ECU for Latvia, 80 million for Latvia, and 40 million for Estonia.

A special place in the external relations of the Baltic states is occupied by the Northern European countries. As long ago as March 1992 they coordinated a program of financial assistance for the Baltic states, designed to cover the period 1992 to 1995. The total amount of funds allocated for that purpose comes to around \$130 million. The program envisages the creation of five specialized foundations for the development of small and medium-size enterprises (three of them will offer technical assistance and two others will work with investment programs). Sweden and Finland stand out in particular in the degree of cooperation offered in the economic transformation in Baltic states. The Finnish Export Credit Agency, for instance, granted Latvia credit in an amount of \$54 million for the purchase of agricultural machinery, and \$1 million in trade credit for Estonia. Another Finnish company, Neste Ltd.,

extended credit to Latvia and Estonia for the purchase of fuel (\$13 and \$60.6 million, correspondingly). Sweden and Finland, along with Germany, are the principal trading partners of the Baltic states. This particularly applies to the relations of Finland with Estonia: Finland's share in Estonian imports in 1992 amounted to 29.4 percent, in exports—24.4 percent, while in 1993 it was 33.5 and 21.5 percent, respectively. Representatives of Sweden and Finland form the largest group among foreign investors in the Baltic states. In Estonia, for instance according to the press, they accounted for more than half of all the foreign investments in 1993.

In other words, gradual penetration, particularly economic penetration, into the regions of the former USSR named above is becoming reality. This certainly does not mean that this is directed against Russia here, there, and everywhere. Still, evidence exists of aspirations to weaken Russian positions in the post-Soviet space. The Russian Government can decrease or avoid losses unacceptable for its interests only if it manages to work out a long-term policy with regard to the most important regions of the former USSR and achieve coordinated action by various elements of the state apparatus.

POLITICAL AFFAIRS

Gaydar on Russian Development Choices

954F0230A Moscow ROSSIYA in Russian
No 40, 19-25 Oct 94 p 3

[Article by Yegor Gaydar: "The Destiny of Russians—To Catch up"]

[FBIS Translated Text] [Begin boxed material] "Open Politics"—that is name given to the new journal by its founders Yegor Gaydar, Sergey Kovalev, Aleksey Ulyukayev, and Viktor Yeroshenko. The direction of the journal, like the membership of its editorial board, is quite definite. "We do not aspire to being outside the party system or even to alienation, to the position 'above the battle',"—they write in the first issue, addressing the readers. And they call their views liberal, liberal-conservative, liberalistic, or constitutional-democratic, associating them in the past with the views of the Octoberists and Kadets, and in the present—with "Choice of Russia." Specifically, all of them, like most of the authors of the journal, are either members of this movement, as well as of the "Democratic Choice of Russia" Party, or number themselves among its supporters. Politics, in the opinion of the journal's founders, must be open. However, this certainly does not mean that they are ready to grant the pages of their beautiful journal, which is printed on the finest quality paper, and even in Finland itself, to the communists or the national-patriots. By "open" they understand "different" politics, i.e., of course, their own and, of course, "honest."

The editors of ROSSIYA, however, are not inclined to represent the current political process in only one light. Political pluralism is good in that it does not reduce all interests in society to the dictatorship of the one "most pure and honest one." And therefore today, as always, we are ready to grant our pages to people who support the authorities, as well as to those who consider themselves to be the opposition.

Let those who can hear hear, and let those who can see see, and let them decide for themselves what to do.

[End boxed material]

Yegor Gaydar—the chairman of the liberal party, "Democratic Choice of Russia"—has become widely known to his fellow countrymen in that he attempted to embody his ideas in practice by the method of "shock therapy" while serving as the actual head of Government in 1991-1992. Having retired, he does not give up the thoughts about the victory of liberalism in Russia. For this, in his opinion, there are convincing grounds.

It is curious that today the communists act in the role of critics, as if just yesterday they came from another (flourishing) planet. What we have today, we have thanks to this regime. This economy and this ecology, and the current level of culture, morality and legal awareness. Frankly speaking, it could have been worse.

Russia, due to many complex reasons, is a country of the catch-up type of development, with a catch-up economy. There is nothing unique or insulting about this—Japan also caught up, and Germany caught up, and Italy still has not emerged from its corruption problems, and France, only since DeGaulle's reforms, for the last 20 years has embarked upon the path of social partnership which is not fraught with explosive development. The construction of the most complex edifice of current economics, the creation of a civic society permeated with a most complex system of relations and responsibilities—is a long and difficult endeavor. And in Europe classic capitalism was certainly not too pleasant at the start of the 19th Century—we will recall Dickens. The building of society is the history of partnership and struggle. Struggle according to rules and not toward destruction. Otherwise all of society would perish, because not one strata or class of society can be removed from it without consequences, as the moralists of the 18th Century and the socialists at the beginning of the 19th Century believed, as well as the father of modern liberalism John Mill.

It is surprising that Vladimir Ulyanov, who lived for decades in Europe and who spent many long hours of academic study in the bewitching reading room of the British Museum, did not absorb anything from this atmosphere. On the contrary, he became an irreconcilable enemy of this civilization and this culture. At the same time, in Russia he felt himself to be a European. I think he did not believe in the Russian people. Radicalism stems from lack of faith in the correctness of the natural course of events, especially if they do not promise you personally anything more than a humble role.

Russian communism is a consistent and aggressive form of reaction to the growth of the market civilization in the world. In a certain sense, this was our response to Europe, this desperate effort to go through the industrial phase through the super-tension of society and creation of a super-state. The empire did not fall in 1917. Rather, faced with the threat of becoming a republic, it transformed itself into a super-empire, squeezing in a single fist all the resources and all the will of the country.

In this sense, bolshevism comprises social experiments, but not radical reforms. Reforms, according to my conviction, are generally certain systems of action directed at increasing the freedom of man, as a vector of world history. On the contrary, revolutionary reforms in a socialist packaging lead to the enslavement of people and society, to its feudalization—the simplification of society, the reduction of all its stimuli to fear and all its political machinisms to despotism. Unification of society and reduction of human freedom with the uncontrolled growth of bureaucratic ambitions in the name of the state.

However, such a path sometimes yields short-term dividends. Through the total impoverishment and ruination

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of the people, and primarily the peasantry, we were able to create a belt of city-plants, to start up the arms conveyor, which by the end of the 70's early 80's had so clearly dessicated the forces and juices of society.

However, the headlong rush along untravelled paths of history did not yield dividends for long. Having lost its strength and its complex multi-faceted social structure, the country quickly grew tired. The post-Stalinist era was the last heroic stage of the new society. Khrushchev tried to urge the country on with the enthusiasm of a new generation, instead of fear, offering it the romance of undeveloped roads and a pioneer effort.

By the beginning of the 60's, it had become clear that the potential of the path toward a state planned economy as a method of growth and a motivator in the competition of systems was coming to an end. With every passing year, at first slowly, and then faster and faster and more irreversibly, we began to fall behind. Thirty years of talk about combining the achievements of the scientific-technical revolution with practical experience yielded nothing. In the 60's and 70's, the basis of our economy principally did not differ from the basis of other developed countries. However, they had implemented, even though painfully, a structural reorganization of their economy. They retooled their leading sectors and took many energy-intensive and material-intensive types of enterprises to other countries. All the while, we continued to turn the rickety wheels of the state economy.

By the end of the 80's, decisive reforms had become urgently necessary. At that time, they could still be implemented under much more favorable social and economic conditions. However, the CPSU was incapable of implementing reforms which would destroy its power and influence in society—that was the sense of the difficult political period of stagnation during those times.

We needed 12 June 1991—the elections of the first President of Russia. We needed the victory over the GKChP [State Committee for Emergency Situation] members, the confusion and scattering of what was still the almighty power in the country, so that President Yeltsin and his command could undertake reforms. Only then did reforms become possible, but certainly not guaranteed. There are too many rich and influential people who are not interested in the country's emergence onto a normal path of development.

We are proponents of a minimal state and maximal independence of economic subjects. The market for us, obviously, has never been an end in itself, and we do not consider it a panacea. Our goal is to formulate a highly effective, dynamically developing Russian economy which works for the person. And everything else is the means which are used, successfully or unsuccessfully for achieving this goal.

Reforms in Russia today are in danger, just as the future of our country is in danger. Today we are at the point of

a historical choice. Today the future world roles are being distributed. The watershed will lie between those who will be included in the civilization of the 21st Century as dynamically developing market economies, and those who will find themselves hopelessly cast off into a state of underdevelopment, instability, endless domestic and border strife, into the role of world outsiders.

The key question for the future of Russia is: Where will be end up?

The communist-nazis propose to once again try to catch up with the world in a single leap, on the basis of total violence and the developed model of the GULAG [state correctional labor work camps]. But already without the former resources, without the confidence in the fact that this is the main road to success, without an all-encompassing ideology which grips the masses, on the basis of a well-developed technology of fear and lies.

I am convinced that this is the direct road to rapid national catastrophe, in the best case—to a colonial regime and underdevelopment. There is no future for Russia here.

It is sad that many people who sincerely believe themselves to be Russian patriots do not understand this. The age-old dispute between the patriot-Westerners and the native-Slavophiles must be resolved by the creation of a worthy Russian civilization.

If Russia has a future—it is in the creation of conditions for natural development.

In a society built not on the totalitarian model (when power presses from above on all that is below it), but on the democratic model, when different forces and interests influence the adoption of important decisions, including the laws and the budget, social support as the basis of reforms is extremely important.

Such a basis may be only the "middle class," in our realities—the entrepreneurs, rural and urban, and primarily not the "central" ones, but those in the countless small Russian cities, where little has changed from that well-established way of life. These are educated people, skilled workers with self-respect, especially those at viable joint-stock enterprises. They are scientists, people of culture and art who value creative freedom more highly than the state feeding trough.

And the party which we have created must organize, bring together politics and the "middle class," and become an effective instrument in competition for the votes of the voters and for implementation of the policies supported by them.

Of course, we would very much like to hope that the communist party will evolve in the direction of a "normal" social-democracy, with which it will be possible to compete in a civilized manner, fearful that their

rise to power may lead to new taxes and new stagnation, but not to new repressions and execution of political rivals.

If we were able to transform the acute political opposition in our country into the discussion traditional for Western society about what is better—an expensive state with high degree of social protection and high taxes, as the social-democrats believe, or a cheaper state with lesser degree of state involvement in the economy, simply speaking, socialism—and less taxes, then I would believe that the future of democracy in Russia is rather secure.

The problem is that in our country the communist party certainly has not rejected the past, the disrespect for the law or for the constitution, the extra-parliamentary methods of struggle—including armed uprising. It is a party which lives according to the principle of "the worse, the better." It is a party of armed revolt.

Our slogan must be two words, placed side by side, united by a single meaning, born of a single root: Homeland and property.

The socialist, distributive ideas were the dominant social philosophy in Russia for over 100 years. Neither society, nor culture, nor the people can reject them just like that, all at once. We still have to overcome socialism painfully and for a long time. The problem is, what will be taken as the principle of the country's spirit in place of it?

The values of freedom, progress, democracy, constructive patriotism—or nationalism and fascism, this vestige of socialism which comes after disillusionment with it.

Society is waking up from socialism in a weak and unstable state. It is subject to infections and has difficulty in tolerating stress. Nevertheless, it is specifically it and its political elites which will determine whether the country will receive a responsible and consistent economic policy for a number of decisive years, or whether it will fall into a long and unhappy period of conflicts and cataclysms.

The choice is ours.

Zyuganov on Political Strategy

*954F0230B Moscow ROSSIYA in Russian
No 40, 19-25 Oct 94 p 3*

[Interview with Gennadiy Zyuganov, chairman of the Central Executive Committee of the Communist Party of the Russian Federation, conducted by Vasiliy Ustyuzhanin: "There Will Not Be a New Edition of the October Revolution"]

[FBIS Translated Text] Gennadiy Zyuganov, chairman of the Central Executive Committee of the Communist Party of the Russian Federation, having experienced several ups and downs in his life, during the period of acute political crisis and decline in the authority of the leftist ideal has nevertheless managed to bring his party to parliament. He

is a continuous opponent of Yegor Gaydar, and today in his interview again disagrees with him.

[Correspondent] Gennadiy Andreyevich, all politicians today are writing. Memoirs, publicistics, scientific treatises. What is headache number one for the communist?

[Zyuganov] I have expressed my view of the world in the book, "Derzhava" ["Great Power"]. And now I am working on a book with the working title, "Beyond the Horizon." Today the world has gone from being bipolar to being multipolar. The time of revolutions is being replaced by the time of evolution. I analyze these cyclical processes through the prism of Russian history and current events.

[Correspondent] About what specific events are you speaking?

[Zyuganov] I have been reproached for many things. I said that perestroika would end in shooting, that there would be not a rebirth but a degeneration, that instead of the brother's house we would get the brother's grave. They did not believe me. And now we have it: All four verticals of the system of administration—economic, state, party and social—have been destroyed. At the same time, the basic spheres of vital activity of the country—the state, property, power, culture, ecology, information, security—are also being destroyed. And in the theory of systemic analysis there is a rule: If in the system of these relations even two components have gone out of equilibrium, then it is necessary to declare a state of emergency, or there may be a total disintegration and upheaval.

A strict social stratification is occurring. The 10 percent of the most impoverished people have income which is 23 times less than the 10 percent of the most highly paid individuals. A level above 10 is considered to be socially dangerous, or more precisely, explosive. And a ratio of over 30 may be maintained only with bayonets.

As a result of reform, the middle class has in fact been destroyed. It was very sizeable—70-75 percent of the working population: Skilled workers, doctors, journalists, and military men. Society is becoming rapidly proletarianized. The most deprived people are expressing their protest by radical methods. Under these conditions, certain extreme appeals of Anpilov and Zhirinovskiy are finding support.

The authorities are themselves creating conditions under which a spark may occur between the spreading margins of society, which will burn everything. The continuation of such a policy will objectively lead to an even greater radicalization of the mass sentiments.

[Correspondent] The traditional question: Who stands to gain from this?

[Zyuganov] Least of all Russia. This is specifically why I explain to Anpilov: There will not be a new edition of the October Revolution in a thermonuclear country. This

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would be a catastrophe. There are peaceful methods of resolution, including also of revolutionary processes. And to Zhirinovskiy I say—there is no reason to jump somewhere to the south. We have already jumped enough. We have more than enough of our own problems.

[Correspondent] What is your party's recipe for solving them?

[Zyuganov] By civilized means. First of all, through participation in elections. Our party has called for early presidential elections. We believe that the continuation of the current course, which is headed by the president, dooms the country and its citizens to new suffering and difficult trials.

[Correspondent] Gennadiy Andreyevich, you may easily be suspected of having an affinity for catastrophic thinking.

[Zyuganov] Why, this is normal, sober-minded thinking. Many do not see the tragedy, do not understand it. Yet it is visible. Today a triangle of power has been established which is exactly like it was in 1916 in Russia. At that time, the leaders of six factions of the State Duma came to the czar. The bolshevist faction, I might add, was not among them. They asked: Sovereign, the country is falling apart, your guard is not able to handle it. We need to formulate a government of public confidence and to place it under the control of the Duma. The czar promised them. But the next morning he answered: No. The next day they killed Grigoriy Rasputin, and then things began to snowball—to February, from there to 17 October, and to the civil war, in which 15 million people died. The stop-valve had been torn off. Today this triangle has been reproduced in Russia one to one: The czar-president, who is not answerable even to God Almighty; the Government, which is not under the control of parliament, and the parliament, which cannot control the implementation of laws under conditions when the Constitutional Court does not work. Such a state structure will invariably collapse, and no one will survive under its ruins.

[Correspondent] One more classical question: Who is at fault?

[Zyuganov] Yeltsin, Gaydar and those like them. They have already ruined all they could. They promised individual farming—they ruined 20,000 farmers. They promised new technologies—they stopped the enterprises which had the most unique technologies. They promised the peasants a heavenly life—they stopped all of agricultural machine building. They promised the entrepreneurs normal taxes—they are stifling small-scale business at the grass roots. Yet they are opening the doors to foreign banks, which will swallow up all of our "Menateps" and "Mosts" in two weeks. Finally, they promised effective conversion—they chased out their fellow countrymen from all the sales markets. Before, we sold arms for \$20 billion, but last year we sold only \$2 billion worth. Yet even \$10 billion would have been enough for the VPK

[military-industrial complex] to implement effective conversion. Only a union of state-patriotic forces can stop this disintegration. We are working on creating it. It will include the Communist Party, the Agrarian Party, the Union of Goods Producers and associations of goods producers of nationally oriented capital, womens' groups and veteran's organizations.

[Correspondent] Are you in favor of a government of public confidence?

[Zyuganov] We are ready to propose and to formulate it. The opposition has worthy candidates. Svetlana Goryacheva, Viktor Ilyukhin, Mikhail Lapshin, Sergey Glazyev, Petr Romanov and others.

[Correspondent] And are you yourselves ready to propose a candidate to add to the present-day complement?

[Zyuganov] There will be no representatives from the communist party in a government which continues the current ruinous course. Although I recently met with Chernomyrdin. I told him about our view of reforms in the country. About how there are in fact four governments operating in the country—that of Yeltsin, Chernomyrdin, Kozyrev and the informational one—the terror of the mass media. Such governments are incapable of leading the country out of crisis.

[Correspondent] The communists have always been opponents of private property. You too, of course, do not like it?

[Zyuganov] I am a proponent of the state, social form of ownership. Its priority over others stems from the nature of the national character of the Russian people, and not from the communist orthodoxy. Peter I laid down this tradition in Russia. The treasury of Nicholas II received 60 percent of the income of public enterprises. These proportions must correspond to our basis, our tradition, and not be imposed arbitrarily by Chubays or Gaydar, and especially in a voluntaristic manner. After all, the October Revolution was not some historical dead end or overthrow. It was preceded by the uprisings of Bolotnikov, Razin, Pugachev, and the Decembrists, and then there was 1905. The egotistical system of capitalist relations was absolutely incompatible with the community traditions of the Russian character. And the people exploded in protest. Money alone is simply not enough for the Russian person. He is an idealist in many respects. He also needs spiritual tenets. He believes in the higher ideals of justice, good and brotherhood. Yet in our country it turns out: The first group came and communized everything. Then others came and denationalized everything, or more precisely, pilfered it.

[Correspondent] There is little sense in engaging in political activity if one does not set the highest ideals for oneself. Tell me honestly, are you going to run for president?

[Zyuganov] If the party proposes my candidacy, I do not have the right to turn away.

[Correspondent] That is, a future presidency is not the main thing in your political behavior?

[Zyuganov] My political behavior is determined by the effort to get away from the abyss toward which we are being pulled. But on the other hand, the president's office is not the end-all. Moreover, presidential mania is foreign to us. It does not correspond to our tradition. Nowhere in a multinational state is a president elected by direct elections. In the United States he is elected by the electoral college. Just imagine: 12 national-territorial formations vote for the president, and 8 against. This signifies the territorial-political disintegration of the country. Therefore, I believe: Let the head of state be called the president, the chairman of the State Soviet, or in some other way. That is not so important. It is important only that he be elected in congress, in a meeting or conference of authorized representatives of all nationalities, all creeds, all religious confessions. And if, God forbid, he drinks, gets caught in embezzlement, or is unable to handle his duties, the voters may easily replace him with someone who is more worthy. The country should not be the hostage of the ambitions and weaknesses of its first person.

[Correspondent] However, the country's first president was elected according to the scheme which you propose.

[Zyuganov] Perhaps this was the most tragic mistake in Russian history. Gorbachev gave rise to the cult of the chairmanship. At that time, no one believed and did not want to believe that such a terrible end awaited the country. After all, they associated the best expectations with Gorbachev. However, there was not yet a mechanism for removing the president from office. The putsch occurred as a reaction to the impossibility of removing from power by democratic means a person who was leading the country toward ruin. After all, it took Peter I 20-some years to cut his way through to the waters of the Baltic. Did he really want to do this? He understood that without an outlet to the Baltic Sea, Russia would not be able to develop its statehood. Potemkin developed Minor Russia and the Black Sea steppes because it was necessary to safeguard ourselves from attacks from the south. After that, there was peace in Kuban for 200 years. Yet today they are driving us out of the Black and Baltic Seas, and there are behind-the-scenes trading sessions going on regarding the sale of four islands in the Kuril Ridge in the Pacific Ocean. This means that they intend to seal us up in a tin can, and after that, no matter what party ticket the president in the Kremlin holds, he will not resolve even a single one of the serious tasks of all-national and state development.

Rise of 'New Opposition' Noted

954F0230C Moscow *SEGODNYA* in Russian
13 Oct 94 p 2

[Article by Gleb Cherkasov: "Opposition Is Unable To Return Lost Unity; New Leaders Come To Replace Well-Known Figures"]

[FBIS Translated Text] In the past year, the anti-Yeltsin opposition was not able to restore even a semblance of

the unity which was achieved during the temporary interval between the publication of edict No. 1400 and the armed clash at the beginning of October. Already a few days after the shooting in the center of Moscow had ended, the oppositionaries split into two groups: Some set out for Lefortovo and for the haylofts near Moscow, while others went to the Minyust [Ministry of Justice] to register electoral associations.

We should recall that at one time, the unified opposition in its pre-electoral haste gave rise to no less than 10 pre-electoral lists, actually aspiring to 3-3.5 percent of the votes for each list. At that time, the patriotic and communist votes were saved by the decisive actions of the department of Mr. Ryabov, who did not allow a large part of the opposition associations to participate in the elections. Then again, the failed results of the elections for the reformers, as well as the amnesty granted to participants in both putsches, did not facilitate the rebirth of unity of the opposition.

Efforts to formulate unity of the parliamentary and non-parliamentary anti-Yeltsin opposition have not yet been crowned with success. The opposition leaders, who swore to their supporters at meetings and evenings sponsored by the newspaper ZAVTRA about the inviolability of their ranks and absence of principal differences of opinion, and about their decisiveness in putting aside all disputes, the next morning after the fall of the "anti-popular regime," and having been left alone with each other, immediately forgot all about their good intentions.

The processes of differentiation and break-up of the communist as well as the patriotic opposition are taking on ever greater force. The watershed is occurring certainly not along ideological motives. The parties and movements represented in parliament (CPRF [Communist Party of the Russian Federation], APR [Agrarian Party of Russia]) or those which intend to bring a sufficiently large number of their representatives to it (RSDNP [Russian Social-Democratic People's Party, ROS [Russian National Union], KRO [Congress of Russian Communities]), are exhibiting a cautious attitude toward their colleagues who practice "street" methods of influencing the minds and hearts of their fellow citizens (LPPV [Liberal Patriotic Rebirth Party], Union of Officers, and others). In turn, the nonparliamentary opposition is inclined to reproach their Duma "allies" for their passiveness and inaction. The gap between the two branches of the anti-Yeltsin opposition is ever widening. Although for now neither side can do without the other.

Then again, the main threat to the current power stems not from the efforts of the parliament oppositionaries, who certainly do not intend to radically exterminate all that has been created in recent years, and not from the activity of the irreconcilable enemies of the regime. The former may fully expect to participate in a coalition government, and the latter—to organize a good number of street measures.

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Recently, a number of second-rate activists of the opposition, among whom the most well-known are the leader of the RNE [Russian National Unity] Aleksandr Barkashov and the writer Eduard Limonov, are making efforts to distance themselves from the obvious leaders of the opposition, subjecting them to ever greater criticism. Mr. Zyuganov and those who stand with him (who have become the primary targets of attacks by the "new oppositionaries") are being criticized for their behavior during the October events, and for their participation in the elections, and for their inaction in the State Duma.

Mr. Barkashov, Limonov, Dugin, and recently also Ilya Konstantinov, are trying to attract to their side strata of the population which up until now have held a certain ironic attitude toward the opposition—the young people and the "nationally oriented" entrepreneurs. We cannot exclude the possibility that the combination of the patriotic ideal in its especially acute form with an acknowledgement of the values of a free economy, may have greater success than the compilation of communist and weakly patriotic ideas which is currently being practiced by most of the opposition. It is no accident that Mr. Prokhanov, who did more than anyone else to unify the opposition, has in recent times been devoting ever more space in his newspaper ZAVTRA specifically to the representatives of the "new" opposition. Moreover, in view of the ever-increasing mistrust toward the actively operating political establishment, the stake on little-known politicians may prove to be justified. A confirmation of this fact may be the pre-electoral history of Mr. Zhirinovskiy.

National Salvation Front Renewed

954F0230D Moscow ROSSIYA in Russian
No 41, 26 Oct-1 Nov 94 p 2

[Article by Svetlana Bakulina: "LDPR [Liberal-Democratic Party of Russia] Is Taking Up the National Salvation Front"]

[Text] At the 3rd Congress of the NSF [National Salvation Front], which was held last Saturday, it was repeatedly stated that it is being formulated on a slightly different basis. This sounded particularly intriguing on the lips of Viktor Kobelev, who in the Spring had left Zhirinovskiy with a scandal, although he had long served as his head of apparatus.

The action which was staged at the sanatorium near Moscow was organized in the best merchant traditions—six or seven Mercedes buses rented for \$20 an hour dropped off and picked up the delegates. They were provided with a hearty breakfast, lunch, a mid-day snack combined with dinner, plus a buffet for journalists and free lodging.

Where did the NSF get the money, if Ilya Konstantinov, the co-chairman of the NSF, had been speaking of its absence for half a year? We cannot seriously believe the affirmations of Mr. Novikov, one of the organizers of the

congress, that one of the members of the NSF had donated 4 million rubles (R), which he had supposedly had set aside for a wedding. Or that the NSF members had been sweeping the paths of this sanatorium since Summer in order to hold the congress here in the Fall.

The ears of the LDPR are sticking out from the other side. What social base does the new NSF intend to rely on after Viktor Anpilov was thrown out of the NSF Political Council? It seems that the entry of part of the regional organizations subordinated to him into the NSF represents a schism in the ranks of the LDPR.

"Someone wants to raise their name on a cause that is already dead," "Union of Officers" Chairman Stanislav Terekhov told me. "The NSF is a mirage in the desert, called upon to split the opposition."

"Viktor Kobelev has decided to take in the NSF," one of the leaders of the LPP [Liberal Patriotic Rebirth Party] conjectured on Sunday.

It follows from all this that the formulation of the NSF on a new basis means nothing other than the creation of a new political party, which the previously unknown Viktor Kobelev is ready to head up. Also speaking in favor of this version is the fact that he, better than anyone else—and primarily as the leader of the Duma group "Derzhava"—knows that any day now the law on elections will be adopted, according to which only parties, but not movements, will have the right to participate in the elections.

Zhirinovskiy Letter to Yeltsin

954F0315A Moscow SOKOL ZHIRINOVSKOGO
in Russian No 6, Nov 94 p 2

[Text of "Open Letter to the President of the Russian Federation, B. N. Yeltsin"]

[FBIS Translated Text] Esteemed Boris Nikolayevich!

On 15 June of this year, I appealed to you with a request to help get the criminal case opened against me by the General Procurator's Office on the basis of articles 71 (war propaganda) and 74 (violation of national and racial equality and incitement of national and racial dissension) dismissed.

Your assistant, G. Satarov, responded to me saying that in accordance with the Constitution, you as president have no right to intervene in the activity of the General Procurator's Office.

But certainly you are the one, Boris Nikolayevich, who appointed Ilyushenko acting General Procurator. So you certainly have a right to ask him what considerations guided him in opening a criminal case on the basis of political (you do not deny that, do you?) articles against a deputy of the State Duma and the chairman of the party which received the most votes in the elections of 12 December 1993 and, consequently, expresses the interests of the people.

Inasmuch as your assistant, G. Satarov, asked me to explain for you the "orientation of the main points" of my book *Posledniy brodok na yug* [The Last Thrust to the South], which in his opinion "arouses such completely opposite interpretations," I am glad to take this opportunity.

The book *Posledniy brodok na yug* is autobiographical. In it I tell about myself and my childhood, youth, studies, and army service, the development of my worldview, and my political activity.

In this book I tried to give some predictions concerning the future world order based on my knowledge and my understanding of the political situation in countries south of Russia (you most likely know, Boris Nikolayevich, that by education I am a Orientalist and Turkish specialist).

Among other things, I made the suggestion that the republics of Central Asia and the Caucasus which used to be part of the USSR will now be torn apart by internal contradictions and conflicts. Unable to deal with this themselves, the governments of the republics will turn for help to Russia and the Russian people whose president you are. Was I really wrong, is that then not what is happening?

Moreover, I proposed that this same internal strife and interethnic, intertribal, and religious dissension will possibly rock Afghanistan (and that certainly has happened, has it not?), Iran, and Turkey. And the peoples of these countries will also turn to the Russian people for protection sooner or later. Why?

Certainly because Russia, as you know, Boris Nikolayevich, is the one most interested in tranquility and peace in these countries which are our southern neighbors.

After taking its southern neighbors under its protection, Russia will reach the Indian Ocean.

But, I repeat, Boris Nikolayevich, those are all only predictions. A person who studies the book carefully will see no war propaganda in it, but in fact will see that I am a fervent opponent of war, as I have repeatedly (and in this book too) stated. I am against Russian soldiers shedding blood in Central Asia and in the Caucasus, or anywhere else.

People with degenerative thinking are a different matter. They are unable to read my books carefully, just as they are unable to read books or articles of other Russian authors carefully. Reading disturbs them and their eyes are covered with red scales of hatred for the Russian people and its political leaders, including you, Boris Nikolayevich. See how those very newspapers and those very jingoistic democratic figures who not long ago deceitfully sang your praises are now mocking you and almost burying you alive.

Open up IZVESTIYA, MOSKOVSKIY KOMSOMOLETS, and publications like them. There they write about "Russian fascism" and "Russian swine." I remember how in 1992 a Russian journalist was thrown

into prison (on the basis of Article 74, incidentally) and tortured for the article "Parkhatyy [translation unknown] Fascism," where he (without naming any nationalities, I emphasize) merely gave a list of Bolshevik leaders who came to power in 1917 and told about their "feats."

Esteemed Boris Nikolayevich! The term "Russian fascism" is just as absurd as, let us say, the "paws of a snake." A snake cannot have paws, and among the Russian people there cannot be fascism.

Because what is fascism? It is a distorted form of Western European patriotism. Fascists, or Western European patriots, for the sake of their fatherland try to capture and enslave foreign countries and peoples. For the sake of their countries, German, and Romanian, and Hungarian, and Italian, and Finnish, and other Western European fascists wanted to seize our country, Russia, in order to take away its land and natural wealth from the Russian people and enslave or destroy the Russians themselves.

A Russian person cannot be a fascist. Russian patriotism has always been focused on protecting our land, but in no way on taking someone else's.

Alas, Russian patriots have not always led Russia. Sometimes the country has been headed by "internationalists" who do not care what country they pillage, as long as they pillage.

Take note, Boris Nikolayevich, of all the things which are now being exported from Russia: raw materials (because of that, our own production is declining and unemployment is growing), food (because of that, hunger is growing), and consumer goods (which is why the impoverishment of the people is increasing and prices and inflation are rising). Western patriots (that is to say, fascists) have achieved everything that Hitler was fighting for and they are pillaging our country, relying on the support of its enemies who head Russia, friends of the Western patriots. If there are fascists in our country, they are it!

Boris Nikolayevich!

You want the good of the Fatherland (otherwise you would not have agreed to become president). I do too. So would it not be better to combine efforts instead of protesting against one another to the joy of the enemies of the Russian people who have ensconced themselves in the organs of executive power and the mass information media?

I am ready. I emphasized my readiness by supporting your Constitution and the Contract on Social Accord. Now I am waiting for reciprocal actions from you. I am waiting for you to charge the Liberal Democratic Party of Russia (which received the most support from the people in the elections) with forming a government which must save Russia.

Respectfully,

V. V. Zhirinovskiy

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LDPR Duma Activity Noted

954F0315B Moscow SOKOL ZHIRINOVSKOGO
in Russian No 6, Nov 94 p 5

[Unattributed article: "Our Deputies Do Not Even Have Time To Sleep"]

[FBIS Translated Text] An uninformed person may get the idea that all the Gosduma deputies do is get high salaries and apartments for themselves and miss meetings of parliament. And in addition prevent the hard-working government from existing and working. We will not speak for others, but the deputies of the LDPR [Liberal Democratic Party of Russia] worked fruitfully in the last, spring-summer session of the Duma. Judge for yourselves:

The LDPR faction deputies proposed draft laws; among them were the drafts "On National Security," "On Adoption of Emergency Measures To Fight Against Crime," "On Additional Guarantees of Social Protection for Soldiers," "On By-Stage Compensation for Personal Deposits," "On Social Protection of Disabled Persons in the RF," "On the Minimum Consumer Budget," "On Personal Employment in the RF," "On Indexing the Minimum Size of Pensions in the RF," "On Veterans," "On the State Defense Enterprise," "On Termination of Outright and Other Economic Aid by the RF," and "On Measures To Protect RF Citizens Living in the CIS and Abroad."

Moreover, the five committees of the State Duma which are headed by representatives of the LDPR faction are the leading committees for examining 58 draft laws, including the draft laws "On Atomic Energy," "On Federal Railway Transport," "On Federal Natural Resources," "On State Policy in the Area of Handling Radioactive Waste," "On Protecting Lake Baikal," the "RF Labor Code," the "RF Pension Code," "On Social Service," "On Protecting Children," "On Protecting the Geopolitical Interests of Russia," and "On Borders."

As of the start of July of this year, the State Duma had adopted 16 laws overall, and of them 5 involved prominent participation by deputies from the LDPR; 20 draft laws were adopted in the first reading, and of them 7 involved prominent participation by deputies from the LDPR.

The committees headed by deputies who are members of the LDPR faction examined 35 draft laws; that included the study of 15 draft laws focused on developing social programs beyond the plan by the Committee on Labor and Social Support.

In late June-early July, the faction addressed the Russian Cossacks on the common goal of reconstructing the Great Russian State and called on the president of the RF to intensify the struggle against organized crime. The draft laws "On Specially Protected Natural Territories," "On Social-Legal Insurance in the Russian Federation," and "On the Concept of Post-Voucher Privatization"

were submitted at the initiative of LDPR deputies in late June. Some deputies who are members of the faction are responsible for preparing these draft laws in committees: "On Political Parties," "On Public Associations," "On State Service in the Russian Federation," "On the Fundamental Guarantees of the Election Rights of Citizens of the Russian Federation," "On Making Amendments and Additions to the Russian Federation Law 'On Defense,'" and "On Military-Technical Cooperation."

The editorial office of SOKOL wishes continued success in everything to our dear deputies, who, unlike certain others, worked even during vacation. Let the deputies from other parties follow their example.

Zhirinovskiy Against Privileges

954F0315C Moscow PRAVDA ZHIRINOVSKOGO
in Russian No 18, Sep 94 pp 1, 2

[Text of speech by V. Zhirinovskiy from the rally in Solkolniki on 3 September 1994: "V. Zhirinovskiy: 'The Collapse of the Country Can Still Be Stopped' (From the Speech)"]

[FBIS Translated Text] Good afternoon, dear Muscovites and citizens of other cities!

This morning we were shown a celebration at the Belorusskiy Train Station. But it was not a celebration. German fascism was destroyed and Soviet troops freed the world from the "brown" threat, and now they are the first to be driven out of Germany while the American, French, and British troops remain. And our leaders go there and break into a smile as if it were a celebration. As usual, we are doing everything backwards. We were the first to come and the first to leave. But the wealth, economy, and influence remain in the hands of the British, the French, and the Americans. And we also encounter smiles here at the Belorusskiy Train Station. Who are they smiling at? Those who stole and sold out all the property to the Western Group of Forces and those who will become officers without apartments. It is absurd, but these are all links in the same chain, because we have been out of our minds since 12 June 1990, the day the Supreme Soviet declared Russia's sovereignty and gave the main thrust to the country's collapse and to our universal poverty. And this day was declared a national holiday. It is not a holiday but a day of disgrace when half of a great state is cut off and its citizens living outside the borders of Russia are cast to the winds of fate.

Today is the first Saturday of autumn, but I think it will be a bitter autumn. Next Saturday, 1 October, when we meet here, events will have gotten worse because it will be unsettled in the Caucasus. The Government is lying when it says that it will not use force. Why is it assembling troops if it does not intend to use force? It is the usual deception, just as with Afghanistan and Tajikistan. It is time to say openly that there is just one thing the south needs—either to fence itself off or to put in a

Russian governor and quiet down. The present policy of making advances to either of the sides is not suitable; this third variant has not and will not accomplish anything. Afghanistan proved that. It is useless. No persuasion will help. If independence is setting boundaries and withdrawing troops, they will destroy each other every day. That is their right. Our right is to protect our lives of Russian fellows. If they do not want to exterminate each other, they will have to consent to a Dushanbe Province and a Tashkent Province, and Baku, Yerevan, and North Caucasus provinces and live quietly and in peace. I talked about that 3 years ago: Support the democratic Russian national flirtation and you will get civil war. And that is what you got. In May 1991 I said: Vote for Boris Nikolayevich and you will get robbery and poverty. You got it all in full: shareholders of the MMM, Tibet, and Russkiy dom "Selenga" companies, and all the rest. Some people think that a scoundrel wormed his way into MMM or Russkiy dom "Selenga." The scoundrel is in the Government and is unable to collect taxes and pay wages. And so this method of obtaining money was worked out in order to pay wages to workers of the vital sectors, because if they stop working, the country will freeze and transport will stop. If an ordinary petty thief stops an ordinary citizen on the street and robs him, we say: Article 146, robbery, go to prison. The Government is also robbing people. But that is called reforms. And why is it doing that? Because in January 1992 we were silent when the money in savings banks was seized and deposits were reduced to one one-thousandth of their former level. We were quiet because the Gaydar people, those oddballs, declared: This is the start of a market economy, be patient for 2-3 years. And we were. Three years passed. Millions of people had given their money to the new businessmen and financial structures. But that is all the Government needs. It was time to gather a new harvest. And it squeezed structures like MMM, Russkiy dom "Selenga," and some others. They naturally began to fail, and the Government again explained: They did not have licenses, that is to say, authorization for financial activity. So was it blind, deaf, or drunk before? Did it really not see that they were operating unlawfully before? It is now, in August 1994, that the Government has suddenly realized that something was wrong. If a government needs 3 years to understand that criminal commercial structures are operating around it, it means the government is either stupid or criminal too. So a good way was found to replenish the coffers.

Why did they strike first at MMM? Because there were people who did not bribe anyone there. At first they destroy honest commercial structures, and then they move on to all the rest, because they have neither honor, nor conscience, nor law, nor order. Any criminal revolution, criminal structure, or criminal government collapses because only law and honesty can create the foundations for normal democracy and a normal economy.

Our intelligentsia, unfortunately, was unable to head the democratic revolution in Russia. One person, Sakharov, liked the Western model which he did not know. Another, Solzhenitsyn, calls for the 19th century. He does not understand that the train has departed and no one is going there. The Russian intelligentsia was unable to handle its affairs, join together, and help our people understand what Russia needs. And all their "intelligentsia" parties are falling apart before our eyes. And now the democratic oddballs are again gathering at a Congress of Democratic Forces. They are again trying to put the broken pots back together again and enthusiastically support Boris Nikolayevich or, perhaps, nominate someone else. The communist patriots are gathering in Kaliningrad in 10-12 days. Zyuganov and Rutskoy will again argue there about which of them is more for the people.

We say to voters: If the democrats can help you, support them. If the communists can put things in order, support them. But you yourselves see that they will be unable to do anything. We do not say: Down with the communists, and down with the democrats. We say to you: Choose the political force which will stop this slide into the abyss. For only Moscow is still alive. Only one city in the country is existing more or less normally and only here are wages being paid regularly. There is nothing 100 kilometers from Moscow. There won't be anything while these people are in power under various guises. When they say that they are democrats or they are patriots, unmask them and look at their practical activity. See what chameleons they are: At first they were all communists and now they are all liberals. Everyone, it seems, is a liberal: Gaydar is a liberal, and Yavlinskiy, and Shakhrai, and Fedorov. Everyone. And Yeltsin, and Chernomyrdin, and Luzhkov. No one is his own person.

Now it is already easier for you to figure things out. You yourselves see who is worth what. You see that you must not vote for any of the independent candidates, because a deputy alone cannot accomplish anything. A political party compels its deputy to vote in your behalf, while an independent deputy is accountable to no one. There is no such concept as an "independent deputy" abroad, only party factions so that the party is in control. But we do not have any control. Remember how much control the communists had: public control and party control, and that was the only thing all the law enforcement organs worked on. Today there is complete uncontrolled anarchy. We have swung from one extreme to the other.

Now you have been taken in and think how much better it was under tsarism and that perhaps we should return to a monarchy. A new idea was introduced in your head so that for 5 years you thought: Perhaps we really should return to a monarchy. But you must understand that it collapsed because it rotted through. If we cannot compel the president to retire, how are we going to compel a tsar to? He will perhaps leave, but his grown son will remain after him, for a monarchy is the inherited transfer of power, and it differs from a democracy in that there are

no elections. So yet another family will sit on the backs of our people and run the country for 100 years until everything is completely degraded. But the citizens of the country must be deceived, and then they will go for it. You went for communism and were building it and now it is berated. And what was so bad about it? There was violation of democracy; well, isn't there today too? Isn't there robbery? Much more than before. Back then the wealth was not accessible to everyone, but only to part of society, the party nomenklatura. So then has everyone gotten rich now? What the democrats are now condemning in our past they themselves have done even worse. The communists did a poor job of solving the nationalities question, but at least they created a facade, at least we danced with one another and waved our kerchiefs at festivals; now we are killing one another. That lie was a sweet one, while this lie is a bitter one. What does solving the nationalities question mean to us, under the communists or today, when it is wrong both times? But at least people were kinder there, at least the propaganda was quiet, and it was only whispered talk on the domestic level, in the kitchen, saying which were the bad people. It has been and will always be like that for all time. But it is certainly altogether bad now: real war and hostility. What good have they done? None. People say that more goods have appeared in stores, but for whom? Once again only for a small part of society. These were the reforms we needed? We should have eliminated the nomenklatura's privileges, what Yeltsin went into the elections with. And what ultimately has he accomplished? He took from the communists and gave to the gangsters and criminals. What good has he done?

I promise you one thing: We will take privileges away from everyone, including the criminal world. So that each citizen knows that he lives in a state where he always receives the minimum: a roof over his head, a job, food, health care, and education. But no longer any communist leveling: from there you develop yourselves, your talent, diligence, and ability will allow you to have 2, 3, or 5 times the wages your neighbor does. But not 100 or 1,000 times as now, because these days we have a gangster economy rather than a market one. No one has received anything except a restructured party nomenklatura and criminal elements. Even the intelligentsia which 3 years ago welcomed this pseudodemocratic revolution is now in a grave situation itself: teachers, cultural workers, artists, writers, and others.

In a month the democrats and leftists will mark the anniversary of the time they played off one another on that terrible night of 4 October. They, they are the ones who are guilty. Of course, the Government is more guilty, but we certainly must not blame the Supreme Soviet which made the foolish declaration of independence and itself ratified the disbanding of the Union parliament and ratified the dismemberment of the USSR and even began to ratify borders which were not in Russia's favor, in the Far East in China's favor, for example. Their version was: Hold early and simultaneous elections of the president and of the deputies in

the spring of 1993. But the deputies dug their heels in and did not want to lose their warm seats, apartments, and good wages. So they got their end, a bloody one.

When I say to you that we will do everything we promise to, you ask—where are the guarantees? At least look at what we are doing and what other factions are doing. We should be on vacation, but other deputies and I are now before you. We were working all of August and met with voters and became familiar with the problems of cities and regions. We were in Siberia and in the Far East and we took a trip along the Volga to Astrakhan and back to Moscow. We visited dozens of cities. And it was terrible everywhere. Plants are idle, there are delays in paying wages, there is a crisis in medicine, and ecology is terrible. What is the Russia's Choice faction doing? Vacationing on the island of Cyprus. They have a lot of money, so why not take a vacation. And they don't give a damn that you are not vacationing and you cannot take medical treatment or buy anything. They are repulsed by your problems. Follow this faction's activity now so you are not deceived again. To confuse you, they have already changed their name; now they are Russia's Democratic Choice. And who supports them? The foreign firm Olby. Once again you see the direct link with foreign capital. So this party will again do what is beneficial for foreigners.

Our party, the LDPR, has never besmirched itself, and that is precisely what makes our enemies hate us. I am the only one who is refused a visa to travel to any other country, while the others are told—Come on, we will pump up your foreign accounts.

When I go abroad, I tell them: Give the money which was illegally taken from our country back to us. That is why I am an undesirable guest for them.

You do not always understand what is going on around you now. And the idea of any opposition is to open voters' eyes and help them understand what is happening. And the frenzied way that everyone is attacking me and the deputies from the LDPR and the entire party should certainly be a guarantee for you that we are the ones who should be supported. Today they are waging a directed fight against me and my party. How many times attempts have already been made to dispute the results of the elections in my district. Are the results of the elections being disputed for any other deputy? No, only for my district. Constant judicial investigations. My book came out a year ago. At that time no one was interested in it. But then the party won in December, and since January they have been trying to institute criminal proceedings. What then, before that did they just sit around and not read? A new genealogy has been created for me. See, I do not know who my father was. They know better than me or my mother where I was born, and they are finding me a new father. So are they not idiots? But forged excerpts from birth certificates can be done in such a way that you become the son of Hitler or Mussolini. But you know, the new Constitution prohibits

intervention in citizens' private lives; that is how much respect they have for the Constitution. I want to use them as examples to show how we must be elected and where the guarantees of our strength and honesty are, for tens and hundreds of millions of dollars have been allocated to fight our party and me. Films and books have come out. Even this Eduard Limonov has linked up with it. No one buys his books, so let us publish *Limonov protiv Zhirinovskogo* [Limonov Against Zhirinovskiy]. Publish a book "Limonov Against Brezhnev or Gorbachev" and that regime would have chucked you out of the country. Why Zhirinovskiy? For 20 years you wander around the cesspools of the West, but why me? You returned here and thought you were a hero. You drank and partied there for 20 years, and we were building communism and now capitalism. We were deceived twice, and you fled and write little books against Russia and receive money for doing it. Now you come here and get an order from the present democrats: Limonov against Zhirinovskiy. That is the kind of all-out struggle which is being waged against one who stands for Russia.

Once again I want to say that we will never encourage you to take steps that would harm a single hair on your head. One must come to power and run the country only through elections. But that is just what they fear. They understand that the force variant will not work. They do not have the support of the power structures either. No one supports them. Therefore only early elections. Early 1995 would be best. The LDPR faction is prepared to disband the State Duma and hold simultaneous elections of the president and of a new parliament. We will not hold on to our places. Let the people elect a new team, but make no mistake. The mass information media will energetically try to help you make a mistake. On the eve of the elections, you will be told that everything is good. Only Zhirinovskiy is bad. The day before the elections, money will be printed and wages will be issued for a few months, and prices for some things will fall. They will do everything possible to ensure that you believe that things have gotten better. But it will be just another lie.

So do not let yourself be fooled. Your choice must be a reliable one, for too much will be at stake this time: your fate and the fate of your children. The collapse can still be stopped. But if you elect the wrong people, everything will end up in the abyss. Do not give your votes to the democrats or the leftists. And then life will begin to improve.

Moscow Prosecutor on Gang Murders

954F0247A Moscow *NEZAVISIMAYA GAZETA*
in Russian 28 Oct 94 pp 1, 2

[Interview with Moscow Procurator Gennadiy Ponomarev by Lidiya Timofeyeva; place and date of interview not given: "Gennadiy Ponomarev: 'Contract Murders Are Rarely Solved': Moscow Procurator Pessimistic"]

[FBIS Translated Text] According to Moscow procurator Gennadiy Ponomarev, the capital's Krasnopresnenskaya

Procuracy was the first to conclude that the murder of Dmitriy Kholodov was an act of terrorism. The second was the Russian president, who ordered transfer of the case to the General Procurator of the Russian Federation. By the way, in Gennadiy Ponomarev's opinion contract murders are rarely solved.

[Timofeyeva] You are a professional lawyer, and you have given over 20 years to investigation and to supervision of the law. Have you ever encountered crimes committed out of political motives?

[Ponomarev] First of all the law has no article pertaining to such a thing. There is such a thing as a crime with political overtones. Second, no case is similar to any other. A year ago we worked on a case involving abduction and battery of Viktor Anpilov, the leader of the Laboring Moscow Movement. We found some evidence establishing the identity of one of the criminals. But at that moment the General Procuracy took over the case, and there it died. On the other hand we were able to take the investigation on materials related to RF Vice President Aleksandr Rutskoy (the Seabeko case) to its conclusion. The case had been suspended because of the absence of a corpus delicti. Investigations of the murder of businessman and public figure Otar Kvantrishvili and the attack on Moscow City Soviet Deputy Nikolay Moskovchenko are still pending in our office. In short, contract murders are the hardest to solve. They are carried out in a highly professional manner. As a rule the weapon is dumped. The hitman leaves the country for a long time, and perhaps forever.

[Timofeyeva] It seems to me that the independent investigation being conducted by journalists of MOSKOVSKIY KOMSOMOLETS and other newspapers should be a help to the procuracy in the case of the tragic death of our colleague, Dima Kholodov. Also, real "mudrakers" like they have in the West have finally appeared in our country as well.

[Ponomarev] We always carefully read all press articles. A year ago we opened a case on the basis of information published in *VECHERNYAYA MOSKVA* regarding the seizure and beating of a certain journalist by police officers. On the other hand cooperation with *ROSSIYSKAYA GAZETA*, which published its own version of Kvantrishvili's death, was unsuccessful. The journalist refused to work with us, and the editor-in-chief even scolded the investigator for trying to obtain information of greater accuracy from the newspaper.

There have also been situations where procuracy workers have read articles in newspapers and tried to get the details, only to find that these were outright fantasies of authors desiring to raise interest in their newspaper. That is, I would like to say that our domestic "muckrakers" don't yet have real proficiency in investigations based on real documents and facts.

Obviously Dmitriy Kholodov was one of few real professionals. In any case we considered Dima's death to be a loss from our ranks.

[Timofeyeva] What do you consider to be unprofessional work?

[Ponomarev] That's when reporters make accusations against someone without evidence and without grounds, using only emotions and their own hypotheses. Before the investigation is completed, mildly speaking it is too soon to accuse that same Pavel Grachev or Matvey Burlakov, or whoever else of a crime.

[Timofeyeva] But what about the facts of corruption cited in articles carried by MOSKOVSKIY KOMSO-MOLETS?

[Ponomarev] There is no such legal classification as "corruption." There is use of one's official position for self-interested goals. It is on the basis of this article that guilt is determined, if, once again, it is proven.

[Timofeyeva] All right, but have politicians really backed off very far from journalists, considering that the president gave a brilliant characterization of Pavel Grachev for all to hear, asserting that "there had never been such a defense minister as him"? Isn't this a case of trying to influence an investigation?

[Ponomarev] I also feel such actions to be wrong. The old-boy network or political interests should not prevail over the law.

[Timofeyeva] Have you really never encountered cases of pressure from politicians or your superiors on the course of an investigation?

[Ponomarev] Before October 1993, there were such cases—several of them. In August 1991 we received telephone calls demanding that we define the actions of a certain party as criminal. The General Procuracy perpetually sent us to meetings of the opposition so that we could report what slogans it was advertising and what arguments it was using. In short, they tried to entangle us in politics, in something out of our line. And today it sometimes happens that some official suddenly displays "innocent" interest in some particular case, indirectly trying to influence the process. But because they already know "a little" about me, they understand that conversations of this sort won't get them anything.

[Timofeyeva] But everyone knows that in September-October 1993 you acted as a real procurator, that in the translation from the Latin, the word means "I am concerned for, I support, and I defend" the law. Having read the anticonstitutional edict No 1400, you went to the deputies asking them to find a conciliatory solution to this conflict.

[Ponomarev] Yes, I advised the deputies to surrender weapons present in the White House, and I myself participated in their receipt and description, until Rutskoy gave orders to stop this work. I did everything I could to remove the blockade from the White House.

[Timofeyeva] But you assert that politics and justice are incompatible.

[Ponomarev] Of course. If a political decision depends more than half on a particular individual, justice must depend least of all on subjective factors. When this rule is upheld, and there are law-abiding citizens to boot, then we have the example of Great Britain, where there is simply no corruption in the bureaucracy.

[Timofeyeva] In such a case we have centuries to go.

[Ponomarev] There's no other way.

Deputy Murder Inquiry Continues

954F0247B Moscow KOMMERSANT DAILY
in Russian No 201, 22 Oct 94 p 20

[Article by Yekaterina Zapodinskaya: "Investigators Fear for the Lives of Defendants: Investigation of the Murder of a State Duma Deputy"]

[FBIS Translated Text] *Yesterday the General Procuracy extended for another 3 months the deadline for the investigation into the murder of 35-year-old Andrey Ayzderdzis, a deputy of the State Duma and former chairman of the council of the International Business Corporation (MDK) and the MDK-Bank. The results of a half-year of investigation are as follows: detectives have established that the deputy was murdered by a security guard of one of the firms, Dmitriy Mikhnenko, but they were unable to catch him. Five of Mikhnenko's acquaintances whom the investigating agency feels to be conspirators in the crime, even though they have alibis, were arrested. One of them—22-year-old Sergey Suchkov—offered assistance in the search for Mikhnenko. However, the investigators do not want to release him, fearing that either he will deceive them and disappear, or he will be killed himself as an undesirable witness.*

'Criminal City'

Andrey Ayzderdzis was murdered in the evening of 26 April at the doorstep to his home in Novyye Khimki. The police group tasked to solve the murder was headed by Vladimir Kolesnikov, chief of the Main Administration of Criminal Investigation of the Russian MVD [Ministry of Internal Affairs]. The investigators started by summoning just about all men up to 35 years old living in Khimki to the local UVD [Internal Affairs Administration] and questioning them there. Detectives "shook down" the city with rare zeal: Youngsters suspected even of indirect complicity in the murder were arraigned 10 days after arrest for allegedly saying unprintable things and incarcerated in the Khimki interrogation facility, where efforts were made to elicit information from them as to who killed the deputy, and why. In just the first week after the murder not less than 10 hunting rifles were confiscated from Khimki residents (the deputy was killed by just such a weapon).

The city's legal consultation office gave this KOMMERSANT DAILY correspondent the names of citizens who had suffered in those days from the excessively conscientious policemen. Thus, a two-year-old case against a

juvenile by the name of Gavrilov was revived: He had beaten UVD associates wearing civilian clothes. It was only after prejudicial questioning regarding the complicity of his associates in the murder of Ayzderdzis that Gavrilov was released, after which they lost interest in reviving the criminal case. Khimki resident Strogov, who was incarcerated for 10 days, was also interrogated night after night. Aleksandr Rudenko, the 27-year-old commercial director of the Oskar Company, caught the interest of the police brigade, and he was arrested twice. First he was placed under administrative arrest for allegedly resisting police associates. But the Khimkinskiy Rayon Court released him. Then the police drove Rudenko to the Khimki UVD to get his shoelaces (as we know, they are taken away when a person is arrested). And at the UVD he was once again placed under guard, and accused of complicity in the deputy's murder.

The investigators were able to uncover the first defendants owing to abandonment of the murder weapon—a pump-action Maverick—in the basement of Ayzderdzis's home. Through Interpol, the investigators found out that it had been purchased in Turkey by "shuttle merchants" Shchepkin and Luzhin, and that one of them had sold the rifle to Khimki resident Aleksandr Klepikov. He turned around and sold it for \$1,000 to Dmitriy Mikhnenko, a security guard at a Moscow firm and a former Khimki resident who had recently received an apartment in Solntsevo. Just 3 weeks after the murder detectives were 99 percent sure that Mikhnenko shot Ayzderdzis. But by this time he was no longer in either Solntsevo or Khimki.

The investigators reconstructed the picture of the incident step by step. Besides Rudenko, mentioned above, other Khimki residents that were arrested for complicity in the Ayzderdzis murder included Sergey Suchkov, an associate of the Aniks firm, and his friend Dmitriy Rakcheyev (a former security guard in a certain firm, who sold Turkish consumer goods prior to his arrest). And 2 months later security guard Sergey Kudryashov of Novoskhodnenskoye Cemetery and his friend Dmitriy Katernyy, also a Khimki resident, were accused of complicity in the murder.

Mikhnenko himself and four other Khimki residents—Aleksandr Malashenko, Aleksandr Yegortsev, Aleksey Shubin and Sergey Tretyak—were indicted in absentia for complicity in the murder, and are being sought as "especially dangerous criminals."

This KOMMERSANT DAILY correspondent met with Khimki residents who knew Mikhnenko and his friends from childhood, and who had seen them often in recent years training in the gymnasium of School No 12 and at the Mayak Stadium, as well as at discotheques in the city's Kontakt Club and the Diskaveri Bar in Kurkino. The Khimki residents said that these were ordinary fellows, and there was no way they could have been suspected of being criminals.

Defendants Long for Murderer's Arrest

Investigators are not yet saying what part each of the mentioned defendants played in the crime. But according to information from KOMMERSANT DAILY informants, investigators feel that the defendants had known of the plans for the murder. To provide themselves with alibis they allegedly came together for the birthday of one of their mutual friends at the Diskaveri Bar on the day and at the hour that it was committed. However, the investigators revealed that the "birthday boy" was born in another month, and that he had celebrated his birthday in another place. In the meantime many witnesses confirmed that the indicated youngsters were in fact in the bar on that day.

In the meantime it seems as if Mikhnenko didn't think about an alibi. And he didn't appear in the bar on that day. But after the deputy's murder the criminal acted cautiously: He went into hiding at Novoskhodnenskoye Cemetery. Mikhnenko took the short barrel and the grip from the pump-action rifle used to kill Ayzderdzis and hid them for some time with Aleksandr Klepikov (who has now been arrested for concealing these items). Several days after the crime Mikhnenko recovered the barrel and grip, and went together with Sergey Suchkov to dump them in a local stream. The detectives did not have any difficulty finding these items of evidence.

In the opinion of the investigators the murder was planned and carried out by a crime gang, the members of which are also defendants. They and their lawyers deny that they knew of the crime before its commitment. In the words of defendant Pakcheyev's lawyer Aleksandr Karasik, his client had given Mikhnenko the day after the murder from Novoskhodnenskoye Cemetery to Klepikov's home, but he had no idea what his friend had done. On the other hand defendant Rudenko's lawyer Vladimir Orlov says that Mikhnenko also asked him for a ride, but Rudenko "was drunk," and refused. And Suchkov's lawyer Natalya Shevtsova declared that her client also knew nothing of the crime before 26 April (the day of the murder), and that several days later, when Mikhnenko alluded to this with a telltale hand gesture, "he became very frightened."

In the words of the lawyers the defendants long for the fastest possible arrest of fugitive Mikhnenko, who could confirm their testimony. Natalya Shevtsova reported that recently Sergey Suchkov was visited by Anatoliy Davydov, deputy chief of the MVD Main Administration for Criminal Investigations, who promised to release him under a promise not to leave the country if upon being set free the former could find Mikhnenko and his friend Malashenko, also being sought. Suchkov forwarded the offer to his lawyer, which is something Davydov supposedly asked him to do. She took it as an attempt to force her to mediate in the search for Mikhnenko, which would have led to her removal from the investigation and her summons as a witness.

In Shevtsova's words the detectives tried to remove her from the case and even organize unconcealed shadowing

of her in two BMWs and a Renault (bearing government license plates). In the lawyer's opinion the reason why she is in disfavor is that her client Suchkov had been injected with a psychotropic drug at the Khimki interrogation facility. And on seeing the mark made by the injection and sensing that Suchkov "was somehow inhibited and couldn't remember anything," complained of this to the leadership of the General Procuracy.

But officials at the General Procuracy told this KOMMERSANT DAILY correspondent that Suchkov himself offered to find Mikhnenko, if he were released from Lefortovo. And when the discussion turned to lawyer Shevtsova, the investigators said, as if in passing, that recently crime gangs have been hiring lawyers more and more often for those arrested individuals whose testimony they had to learn first-hand upon their release. In the words of the investigators Suchkov himself did not have the best opinion of his lawyer.

Whatever the case, releasing the defendant to seek his friend Mikhnenko would have meant putting Suchkov's life in danger. Out of these same considerations the procuracy is not releasing another person arrested in this case, even though in the words of the investigators he is "being held for no good reason."

Persons Under Arrest Offer Their Versions of the Murder

Mikhnenko's friend Sergey Suchkov offered three versions of the crime to investigators: a struggle between rival gangs, murder by contract, and revenge for the beating given to Viktor Burlachko, the leader of Zelenograd and Khimki gangs, at the Volokolamsk SI-30 [not further identified].

Following up on the gang war version, the detectives carefully studied the activity of the International Business Corporation and the MDK-Bank, headed by Ayzderdzis. It could hardly be said that they had any competitors in Khimki. At the same time the police hypothesized in the first while that Ayzderdzis's companion, MDK general director Aleksey Ponomarev, might have been involved in the murder. The two businessmen held many secrets in common. According to information of the investigating team from the oblast's Main Internal Affairs Administration, which accused Ponomarev of concealing especially large amounts of property from taxation, Ayzderdzis and Ponomarev had signed agreements on marketing services with the Talbest and Metallistik firms. They were registered as third persons, but their seals were kept with the MDK. In sending remunerations to these firms for marketing services (over 1 billion rubles), in the opinion of the investigators Ponomarev and Ayzderdzis actually transferred the money to themselves. On receiving the money, Talbest and Metallistik spread it out among accounts of firms having friendly relations with the MDK (the Metalloptorg, Georgiy and Telekom limited partnerships and the Khimki Trading House). And at Ponomarev's request one of the amounts was transferred

from one of the MDK partners to the account of a certain Rebus firm, established on the basis of passports that had long been lost by their owners. According to information from the investigators around R1.7 billion in profits were concealed as a result of these manipulations. The persistent policemen also found out that Ayzderdzis and Ponomarev had a joint offshore firm in Cyprus, the account of which contained not less than \$100,000 at the moment of the businessman's murder. Now this firm belongs to a certain Aleksey Ponomarev.

However, the version that Ponomarev was involved in the crime was rejected back in the first stage of the investigation. The General Procuracy also doubts that the case of nonpayment of taxes by Ponomarev will ever get to court, feeling that his indictment could not be proven.

But the question as to whether Ayzderdzis's murder was carried out by contract could be answered for the investigation only by Mikhnenko himself. According to unofficial data he obtained the money for the rifle not from some client but from his own friends—for example, the above-mentioned Kudryashov. At the same time the version that the crime was provoked by rumors circulating in Khimki that Ayzderdzis had made plans to physically remove his number one enemy, city mayor Yuriy Korablin, and his assistant for security matters Aleksandr Gayderov, is being checked out. The total amount that was paid for the murder of both—\$50,000—was even named. According to operational information it was precisely at this time that Ayzderdzis summoned MDK security chief Aleksey Minayev and asked him to drive out and dig up a small-caliber rifle being kept in a hiding place in the Khimki woods, which is what he did. By the way, Minayev admitted this to the investigators. And the extranumerary chief of the security service of the MDK—former RUOP [not further identified] officer Aleksandr Zemlyakov—brought Ayzderdzis a TT pistol. The investigators are seeking an answer to the question as to why the businessman needed a weapon.

And finally, the third version: Ayzderdzis's murder was revenge for the fact that he organized the beating of Burlachko, a master of sports in boxing. He died in the Volokolamsk isolation facility on 26 January of this year from severe blows causing a brain hemorrhage. At that time Viktor Burlachko was on record with the Mytishchenskiy Rayon Court, which had examined a case of his extortion of R1 million from Khimki businessman Kocharovskiy. The detectives caught him red-handed as he was receiving a small part of this amount (R9,000) from his victim. Judging from the articles of the criminal code under which he was indicted, Burlachko could expect a minimum of 3 years in prison. Such that Ayzderdzis had no reason to arrange his murder. Although it should be noted that both Burlachko and Ayzderdzis were murdered on the 26th, though in different months. It may be that the deputy's murderer wanted to allude to the connection between these events in this way.

Vengeance could have been sought against the deputy for the fact that in January 1993 he helped the police establish the location of fugitive Dmitriy Romanov, whose gang had joined Burlachko's gang in 1992 according to police data. After the latter was murdered, information was released that Ayzderdzis not only organized the reprisal against Burlachko but was also preparing to murder Romanov. It may be that this information deliberately released from the isolation facility was what prodded Romanov's friend Dmitriy Mikhnenko to carry out the murder.

The General Procuracy has now taken over the case of the severe beating given to Viktor Burlachko, which had been opened back on 27 January of this year. But the investigation is proceeding with little success—no one has yet been indicted. Even though the names of the guards at the Volokolamsk isolation facility who beat up Burlachko are known to many in Volokolamsk.

KOMMERSANT DAILY is continuing to follow the progress of the murder investigation.

Why the Defendants Were Arrested:

Sergey Suchkov, Dmitriy Rakcheyev, Aleksandr Rudenko, Sergey Kudryashov and Dmitriy Katernyy were indicted on the basis of articles 17 and 103 of the Russian Criminal Code (complicity in the murder of a deputy). Investigators initially accused Aleksandr Klepnikov on the basis of the same articles, but in the indictment he was apparently incriminated only for concealing the crime. Aleksandr Zemlyakov, Gennadiy Zakharov and Aleksey Minayev, who were also arrested in this case, were indicted for illegal acquisition of a weapon (Article 218 of the Russian Criminal Code). Two other defendants, Andrey Shchepkin and Igor Luzhin, were indicted on the basis of Article 78 of the Criminal Code—smuggling hunting rifles (one of which was sold to Ayzderdzis's murderer). However, the currently effective edition of the Criminal Code does not foresee liability for importing them, and most likely the case against Shchepkin and Luzhin will be dropped.

Draft Criminal Code Discussed

954F0247C Moscow KOMMERSANT in Russian
14 Oct 94 p 14

[Article by Andrey Kobich: "Code Reconciled With Constitution"]

[FBIS Translated Text] *The Ministry of Justice forwarded its draft of the Code of Criminal Proceedings to the Russian government. Its writers communicated this at yesterday's press conference. However, it will hardly be approved by the State Duma anytime soon. As of this moment there are another two drafts of the Code of Criminal Proceedings. All three differ from one another, and their reconciliation could take around a year.*

The currently effective Code of Criminal Proceedings was adopted back in 1960. Now three competing drafts

of the code have appeared all at once—those of the Ministry of Justice, the Procuracy Institute, and the State Legal Administration (GPU) under the Russian president. Describing their variant, specialists of the Ministry of Justice noted that representatives of all power structures, the Supreme Court, the Council of Judges and leading legal scientific research institutes took part in its preparation. The authors feel that this draft, which is fully in correspondence with the new Constitution, will change the criminal process.

First of all the justice ministry's draft abolishes the indictment function of the courts. While according to current legislation a procurator can only make a conclusion regarding a criminal case in court, the new draft endows him with rights that are no less than those of the defender. He can prove the grounds of an indictment at any stage of the process. According to the new draft, cases involving crimes not considered to be serious are examined by a single judge. On the other hand cases of serious crimes are heard by a board of judges or in a trial by jury, as the defendant chooses.

In addition to cassation, the draft introduces examination of criminal cases by appeals court before sentences in them become effective. After an appeal is filed, the court must reinvestigate the materials of the case. A cassation is filed only in the event that the norms of the Code of Criminal Proceedings are violated in the course of court examination. At the same time the possibility of appealing sentences that have already become effective is significantly limited.

According to the draft, confining defendants under guard and searching suspects and tapping their telephone conversations are permitted only on the basis of a court decision. The responsibility of proving the circumstances of a case in court is imposed upon the bodies carrying out criminal investigation. In this case evidence obtained in violation of the law must not be taken under examination by the court. In order to obtain exhaustive evidence on serious crimes, the draft foresees measures to protect the victim and witnesses: Anonymous identification of suspects is permitted, witnesses need not indicate their addresses in the records, and they and victims may wear disguises.

In addition the justice ministry's draft foresees a change in the inquiry regulations. Crimes that are not serious and which do not require preliminary examination may be transferred to court on the basis of the records of investigative agencies. In this case the inquiry must be carried out within 10 days, and the investigative official himself appears in court as the accuser.

In the opinion of the authors, their draft differs significantly from the versions offered by the GPU and the Procuracy Institute. Thus, the GPU suggests using evidence of police informants as the basis for arresting suspects. The GPU draft contains a number of provisions conflicting with the Constitution: For example, the defendant must prove his innocence. At the same time

experts of the Ministry of Justice feel that the GPU did not make an effort to tailor the Code of Criminal Proceedings to the presidential edict on protecting civilians against street crime. This edict will lose its importance after adoption of the law "On the Fight Against Organized Crime" by the State Duma. As for the variant submitted by the Procuracy Institute, the developers of the justice ministry's draft said only that it contains many "contradictions and speculative wordings." In the opinion of experts of the Ministry of Justice all three drafts of the Code of Criminal Proceedings should not be submitted for discussion to the State Duma: They must first all be reduced to one.

Precious Metal Smuggling Viewed

954F0247D Moscow KOMSOMOLSKAYA PRAVDA
in Russian 27 Oct 94 p 4

[Article by Irina Chernova: "Last Heavy Metal Concert at Red Rock: KOMSOMOLSKAYA PRAVDA Investigation"]

[FBIS Translated Text] The woods around Bryansk at night are no place for a stroll. Especially in frigid November. But for some reason this one person steals along through the thickets like a lone wolf, wary of the highway. To him, every passing vehicle is a danger. His hat and warm shoes are back with the vehicle and smuggled cargo, abandoned at the customs station. But that's not important. The main thing is to hide, to get to the city, and then buy the needed things and disappear deep into the country as quickly as possible.

A police car appeared on the road. The man held his breath. The vehicle traveled forward, then, making a U-turn, moved in the reverse direction. The fugitive had no doubt that they were looking for him.

SEVERAL DAYS LATER. VOLGOGRAD. Four men met in a certain apartment. Three were "middlemen" who established a network of illegal suppliers of nonferrous metals to the Baltics in Volgograd. One was the driver of the same ill-fated truck abandoned at the Bryansk "Red Rock" customs station. There was a double bottom in the trailer of this truck, containing up to 10 tonnes of stolen metal.

"Tell me how Vova disappeared," there was a clear hint of a threat in the "middleman's" voice. "Yesterday they phoned from Lithuania. They told me that you left Vova in the lurch. They called all of the customs officials in their pay, wanting to retrieve the cargo. But no one has a record of your vehicle. How did this happen?"

"We drove up to the border near nightfall. Vova was drunk, and asleep. The customs officials came up and started shining their flashlights around. First they found an extra oil can, then they crawled under the trailer. They brought up a hoist. Well, Vova got scared, and bolted into the woods."

OPERATION "METALLISTS". In early 1993 a group of 12 people formed in Volgograd to organize deliveries

of nonferrous metals to the Baltics. Nickel enjoyed an especially large demand. Several people who worked as "smugglers for hire" regularly carried nickel from the Krasnyy Oktabr Metallurgical Plant. They hid the metal in small lots in private garages, and then transferred it to a specially manufactured truck trailer with a double bottom. In Volgograd the operation was led by "middlemen"—two of whom were associates of the local police, and one was a people's assessor. The next link in the criminal network was the "couriers"—Moscow suburb residents Vladimir R. and Yuriy Ts. They maintained contact between Volgograd and Lithuania. They transferred money and orders, and escorted the cargo across the Lithuanian border. There they were met by another two—"clients" Arunas and Gintars. One can deduce the subsequent movement of the strategic raw material—there's good reason why the Baltic states have joined the world leaders in export of nonferrous metals. The Volgograd FSK [Federal Counterintelligence Service] caught on to the smugglers in fall 1993. An operation under the code name "Metallists" was divided into two phases.

First they set up the confiscation of the smuggled cargo at the Red Rock customs station. They made it look like they inadvertently let courier Vladimir Tsybulyan (the name has been changed), who was accompanying the cargo, get away. He was the one groping through the Bryansk woods. They also let the driver of the truck go. These two were supposed to inform their Baltic associates about the incident at the border. Arunas and Gintars probably wouldn't have wanted to lose such valuable goods, and would go to Bryansk to search for the lost metal. And that's what happened. In spring 1994 smuggled metal had also been confiscated at the Kaliningrad customs station, but the Baltic smugglers managed to ransom it back.

But in setting out the nets for the smugglers the FSK agents didn't consider two things: the general legislative confusion, particularly in the judicial and investigatory systems. And the fact that law enforcement organs have their own "turncoats."

In the last days of November a telephone rang in the apartment of one of the Volgograd "middlemen," Aleksandr Kh. "Courier" Volodya wanted to share his experiences with his friends, and mainly to coordinate on further actions.

Here is an extract from a recording of the conversation made by undercover methods.

"Courier" Volodya:

"You know, Sasha, it seems like they were waiting for us at Red Rock. Could it be that they've been tailing the driver? I was interrogated at the customs station like a criminal. And the lifting crane was right there in the street, which had never been the case before. That was no accident. They knew about us beforehand at the customs station. Well, I thought, I should at least get my wallet out of the vehicle and get rid of the notebook. I told the

agent that I needed to go to the bathroom, but I went over to the truck. He followed me. I realized I had to run, and warn everybody, otherwise it would be prison for everyone. So I made my way through the woods. Eighty kilometers I walked in a T-shirt and loafers, without a hat. And right away the Balts put us on the spot. They said: 'How long can we wait patiently for what you owe us? Are we going to have to send some men out after you?.' Soon two couriers—Volodya and Yura—came to Volgograd from the Moscow region. Their goal was to clarify the situation and reach agreement on a new consignment of metal. They were "taken" that same day on the road to the airport. On Saturday and Sunday the entire Volgograd group was quietly arrested. Only two were able to evade the lockup. One, a senior police official, learned about the arrests by accident, and fled. Another, the people's assessor from a local court, turned out to have a group II disability, and was amnestied.

The Balts knew nothing about the arrest of their group, and were about to come to Volgograd. But this is where the "turncoat" made his presence known.

An investigator working in the Tsentralnyy Rayon Internal Affairs Division of the city of Volgograd is a brother of Yura's (the courier from the Moscow region). According to operational data he was not only fabulously informed about the cases in which his closest relative was involved, but he also took an active part in them. He was the one who telephoned Lithuania almost immediately after the arrest and warned the clients: "Don't cross into Russia, they'll pick you up."

Here's an extract from a recording of a telephone conversation between the "turncoat" and the Lithuanian by the name of Gintars.

Lithuanian: "Why did they pick them up? For the case across the border?"

Turncoat: "They're booking them for 5 tonnes of smuggled metal. That's serious. They're idiots, and they told the whole story. Let me see if maybe they don't have any evidence. The main thing is that they shouldn't admit to anything."

The "turncoat" communicated to the Baltics on the progress of the case several times again during the investigation, reporting who was in hot water and who wasn't.

Information on the investigator from the Tsentralnyy Rayon Internal Affairs Division was forwarded to the leadership of the Volgograd police. The investigator was still in his same job. And as before, he maintained contact with Lithuania. By the way, this was not the only episode in which officers of the local police have participated directly or indirectly in criminal acts, and have come out of it smelling like a rose, even with promotions. Our newspaper has already written about at least two such cases. No one is about to explain this "coverup" phenomenon. And unofficially, everybody knows about it.

In Lieu of an Epilogue

The trial of the smugglers has already been postponed three times. Another attempt to hear the case may occur on 31 October. Relatives and friends of the arrested individuals are collecting money and working on their contacts. According to operational data in the 8 months of its activity, the group arrested in the course of operation "Metallists" transferred hundreds of tonnes of nickel, cobalt, nichrome and molybdenum to Lithuania.

In addition the Volgograd FSK administration stopped a shipment of 7,000 tonnes of smuggled petroleum products and two containers of cesium-137 worth half a million dollars from crossing the border.

However, this is only a small particle of the massive pilferage of strategic raw materials, which have been left practically unsupervised on the territory of Volgograd Oblast.

ECONOMIC & SOCIAL AFFAIRS

Issues of Currency Regulation Examined

954E0165A Moscow DELOVOY MIR in Russian
31 Oct-6 Nov 94 p 5

[Article by Candidate of Economic Sciences Mikhail Lyubskiy: "Currency Regulation: A New Control System"]

[FBIS Translated Text] In No. 239 of 27 October DELOVOY MIR published information from the Central Bank with a reminder about the fact that a license is required for the performance of operations related to the transfer of capital abroad ("Nobody has Repealed the Law on Currency Regulation"). Today we call the attention of the readers to an article on this subject by an expert which has been made available by the Economic Information Agency.

According to various estimates, the dimensions of the drain of capital from Russia amounts to from \$10 to \$30 billion. To a considerable extent such a diversity of opinions is related to the fact that as yet there is no precisely defined concept of capital "flight" or "drain." There is a point of view that any excess of capital export over import in the form of credits, direct and portfolio investments or bank assets can be considered as a capital drain (this limits the opportunities of investors to utilize these funds in the domestic economy). One can place the export earnings of Russian enterprises not transferred from abroad and the contraband export of goods in the category of illegal capital flight.

Taking these components into account, the actual drain of capital by the beginning of 1993 was estimated at approximately \$17 billion. According to Central Bank of Russia (CBR) data, all Russian banks held more than \$15 billion abroad in the middle of 1993. According to some western estimates the drain of capital from Russia has come to \$30 billion during the years 1990-1993.

With all the differences of these estimates one thing is indisputable: year in, year out, a considerable portion of Russia's national income remains abroad. Essentially we supply foreign banks with currency resources which they squeeze for their quite good profits.

The chief causes of the steady outflow of currency abroad, apart from the not always well thought-out liberalization of foreign economic relations, are the absence of political, economic, and financial stability in Russia. This engenders a lack of faith of Russian enterprises and banks in the possibility of establishing a favorable investment climate. The economic situation in Russia and the behaviour of Russian entrepreneurs and banks, naturally, also frightens off foreign investors from any serious investments at all.

A characteristic of the present situation is the fact that the flight of capital abroad is taking place with a simultaneous drastic decrease in imports (they fell by 27 percent in 1993) and a very weak growth of exports (by 2 percent). One of the main factors hindering the expansion of imports is the very understated exchange rate of the ruble relative to the US dollar. At the same time the outflow of currency abroad makes financing of the importation of goods the country needs difficult. The result is that foreign economic relations not only do not contribute to a way out of the economic crisis but become a factor in its intensification.

One can stop or at least limit the flight of capital and ensure the steady repatriation of export earnings to Russia only by having increased the economic self-interest of Russian exporters in selling it for rubles and in the effective utilization of ruble funds within the country. This can be achieved if the economic and political situation in Russia is stabilized. There can be no doubt that the main direction of the reforms should be a gradual and almost complete reversal in the area of capital movement and the liberalization of the currency regime. However, before abolishing the existing restrictions, a reliable control system needs to be set up.

The first attempts in Russia to organize currency control were undertaken in the beginning of 1992. Specifically, currency funds illegally kept abroad and not repatriated by a specified date were declared the property of the state. A procedure for determining essential banking information (bankovskiy rekvizit) in customs declarations with their transfer to the CBR or some authorized bank for currency control was introduced. A special currency control inspectorate was created under the Russian government. However, all these measures have not yielded tangible results. The registration in the Ministry of Foreign Economic Relations of all firms directly exporting strategically important raw material commodities was then introduced beginning 1 July 1992. It was expected that this procedure would permit one to achieve subsequent control over the observance of currency legislation without additional export restriction, since the registered firms are obliged to perform all

operations required by law for the repatriation of currency earnings through accounts specified during the registration.

The next step along the path of creating currency control was the putting into effect of the Russian Federation Law "On Currency Regulation and Currency Control" in October 1992 and of the Russian Council of Ministers Decree "On Strengthening Currency and Export Control and the Development of the Currency Market" in March 1993. The need for consolidating currency and export control and for conducting a unified state policy in this area is indicated for the first time in the decree. The fact is that currency and export control are two inseparable "blocks" of a single mechanism for the purpose of controlling the movement of goods and currency, preventing the illegal export of material, currency and other resources and of ensuring the return of currency earnings to Russia.

The scale of the illegal export of non-ferrous metals, petroleum products and timber became known in 1992-1993. This has caused the national economy many billions in damages. At the same time the legal export of non-ferrous metals and energy sources (for example, aluminum exports increased from 0.4 million tonnes to 1.5 million tonnes in 1990-1993) also is unhealthy in character in many instances since the expansion of exports is taking place while production is falling. This results in a drastic decrease in the supplying of domestic industry with the necessary resources and an increase in domestic prices. At the same time deliveries of a large quantity of these goods to the foreign market lowers export prices. It is obvious that this is not advantageous for Russia but is beneficial to its western partners. That is why export and currency control not only should be directed to the struggle with the contraband export of physical assets and currency, but also should constitute an important organic part of the mechanism for protecting our country's economic interests.

An effective currency and export control system is necessary also for a precise accounting of currency movement. Audits done in 1993 have shown that there are no complete data on currency movement either in the CBR or the Ministry of Finance.

Export control essentially begins with the setting of quotas (the amounts of a given good authorized for export) and the granting of licenses to exporters within the framework of these quotas. The justification for the quotas being assigned, their rational distribution, the state's approach when issuing licenses, and the high degree of responsibility for those to whom this is entrusted are the necessary conditions for effective export and currency control. However, up to this point this responsibility has not been defined by any juridical and administrative norms whatsoever. It is no secret that the heads of the administrations of certain regions, alleging the need to resolve regional problems, are managing to get the apportionment of additional quotas for

the exportation of raw material resources. Many joint enterprises have easily exported oil in quantities exceeding the quotas allotted by disguising it as its own.

The 24 September 1993 Edict of the President of Russia "On the Russian Federal Service on Currency and Export Control" is of great importance. According to this edict the chief task of the service that has been created is to carry out a unified state policy in the area of organizing control and oversight of the observance of Russian Federation legislation in the sphere of currency, export-import, and other foreign economic operations. The head of the service is a member of the government of Russia.

This organ works in close contact with other currency control organs and agents specified by law and, within the limits of its jurisdiction, develops and introduces a unified system for their cooperation, including methodological and informational support. The ministries of security, internal affairs, and defense and the Russian Foreign Intelligence Service inform the Russian Federal Service on Currency and Export Control about instances known to them of the violation by residents and non-residents of currency and customs legislation and other normative statutes concerning the setting of quotas and the licensing of currency and other foreign economic operations. Territorial currency and export control organs, the system of which is to be created according to a governmental decree of 3 February 1994, will become the basis of this service on Russian territory. These organs will exist in 15 of the country's regions. Their rights and duties are to be defined in the very near future.

The Instructions of the CBR and the Russian Federation State Customs Committee "On the Procedure for Implementing Currency Control over the Receipt of Currency Earnings from the Exportation of Goods into the Russian Federation," adopted in October 1993, deserves special attention in the currency and export control system being created. This is the first important step along the path of creating a workable control mechanism in Russia for the repatriation of the currency earnings of exporter enterprises. (The Instructions entered into force in relation to strategic export goods as of 1 January 1994 and as of 1 March 1994 for the remaining goods.)

The Instructions introduce control documentation which permits one to track from the beginning the passage of a good across the border and after that the receipt of currency earnings. Until recently information on a good's crossing the border was known to the exporter, the importer and the customs officer but the bank didn't have it. At the same time receipt of currency earnings was registered in the banks, but was unavailable to the customs house and the currency control organs. The new system envisages the joining of these information flows in a single place, in the authorized bank, and the information will proceed to the customs house from it.

The control system established by the Instruction presupposes the creation of a network which will include the exporter, the authorized bank serving him (it can be any organ having a currency license), the customs establishment which officially registers the exportation of goods, and the CBR or its main territorial administration. The control process technology is being developed taking into account the experience of European countries, specifically France and Italy.

The control process begins with the signing of a transaction registration certificate (*pasport sdelki*)—the basic document of exchange control—by the exporter and his authorized bank. The commercial bank takes upon itself the obligation to perform the functions of an exchange control agent and the exporter to carry out settlements based on the contract that has been concluded through the authorized bank. The transaction registration certificate is a standardized exposition in condensed form from the contract's provisions. All the information is collected in the computer center of the State Customs Committee, is processed, and a customs and currency control record card set up for each transaction. It contains information on the specific shipment and the authorized bank's essential information and sets the dates when currency earnings should be received in the exporter enterprise's account. Thereupon the record card is sent to the authorized bank as evidence of the fact that the export goods has crossed the customs border. From that moment the bank takes the financial aspect of the transaction under control. The card is a returnable document and the commercial bank must return it to the computer center, where information on freight flows and payments received are entered into the data bank. Such cooperation of the bank and the customs house should permit one to uncover instances when the freight has left the country but the earnings from it have not been received.

Such a procedure will introduce definite changes in the existing system. For one thing the authorized banks, which prior to this enjoyed only the advantages of their having a currency license available, now will perform currency control functions. To do this the banks with a currency license will have to introduce a new program permitting incorporation of data on exporters and their contracts. It should be borne in mind that contracts, tens of thousands of which pass through the large commercial banks, can be subdivided and payments on them delayed. That is why the banks will have to not only improve the technical base but also to expand their personnel staff. Secondly, a situation will most likely arise in which it will be far more difficult for exporters to get out of paying taxes since the tax inspectorate now will obtain considerably more information about their activity.

The sanctions against banks which violate control rules vary from fines in the size of the amount of earnings being concealed before the banking license is withdrawn. This is a very stern measure. Severe sanctions can also be

a possible postponement of the loans for "systemic transformation" or a refusal to create a stabilization fund for the Russian ruble are clearly exaggerated. Moreover, paradoxical though it may seem, a situation analogous to "Black Tuesday" could always be useful to the Russian emissaries trying to achieve the formation of such a fund. Especially since supporters of rendering Russia precisely this type of support are finding increasing recognition among Western economists. As an example they cite Poland, whose government was able to undertake quite radical reform measures after the formation of a stabilization fund for the zloty, including in the sphere of balancing the budget. It is interesting that in Polish conditions the effect of such measures proved so quick that the government never did have to resort to the means reserved in the fund.

The key question here is not the vacillation of the national currency but the world community's confidence in the economic policy of the national government and the determination of this government to reform its country's economy in accordance with the principles of market liberalism. As the work of Oleg Lobov's commission demonstrated, strong moods in favor of strengthening state regulation could raise doubts among its members about Russian authorities' unconditional pursuance of liberal market principles. The idea of state regulation of the economy is the pivot of all the proposals heard in the course of work on the summary report. Moreover, the views of Oleg Lobov himself—whose investigation into the causes of the events of 11 October provided the economic leader with a marvelous opportunity to realize his potential, which he had not managed to do in the post of vice premier and economics minister—obviously played virtually the deciding role.

The continuation of the commission's report will very likely be a decision to introduce a new procedure for the sale of currency received from foreign economic activity. If there is a transfer to the 100 percent sale of currency, enterprises will be able to hold it for no more than two weeks, keeping the funds in transit foreign currency accounts. As a result, exporters will find themselves less well protected against inflationary processes and will begin to look for additional ways to keep their foreign currency abroad.

[Signed] Economic Policy Department

CIS Summit in Moscow Seen as Step for Creating CIS Common Market

954E0168A Moscow MOSKOVSKIYE NOVOSTI
in Russian No 50, 23-30 Oct 94 pp 1, 4

[Article by Sanobar Shermatova under the "Integration" rubric: "Open Market Behind Closed Doors"]

[FBIS Translated Text] The presidents of the countries of the Commonwealth have created the first supranational body of the CIS. Will it work? Speaking at a press conference, President Boris Yeltsin, who presided over the

meeting, called the two signed documents—the agreements on a payments union and on an Interstate Economic Committee (MEK)—most important. A solid foundation has been laid for further economic integration, the president of Russia stressed.

This time the epithet "historic" was not pronounced, although it was in the air: Disputes about these questions had continued for two long years after the collapse of the unified monetary system. Still, judging by everything, the signing of the agreements did not mark the end of the disputes. Unanimity was demonstrated only with respect to the agreement on a payments union, which is urgently needed by republics with a less stable national currency than the Russian ruble. Their hopes are linked with the fact that the agreement provides for the reciprocal conversion of national currencies and will significantly invigorate interstate trade and economic ties, which, in the opinion of economists, will in turn have a favorable effect on the state of the economy of the members of the CIS.

The MEK did not evoke such unanimity: Turkmenistan did not sign the agreement, whereas Azerbaijan did sign but diplomatically stipulated a "loophole" for itself in the form of a separate opinion on the need to correlate the principles of the MEK with national legislation. It is possible that other states will likewise resort to this procedure when they directly face the question: What functions are they prepared to delegate to this first supranational body in the Commonwealth? As the debates preceding this meeting showed, each state is prepared to be guided by the rules only as long as this is in its interests and it will cease to recognize them when they are to its detriment. Only Russia, with 50 percent of the votes, has a dominant position in the MEK; Ukraine has 14 percent, whereas Belarus, Uzbekistan, and Kazakhstan each have 5 percent and Azerbaijan, Kyrgyzstan, Tajikistan, and Georgia each have 3 percent.

Debate about the distribution of votes arose a month ago, when the statute on the economic committee was being discussed by the government heads: Particular concern was evoked by the point of the statute under which 80 percent of the votes is required to reject any proposal.

This time as well, just as in previous meetings, the heads of state first met in the Kremlin in a limited group behind closed doors. In terms of time, the "meeting among themselves" lasted longer than the second ceremonial part of the meeting.

What did the presidents talk about in the Kremlin? This time the veil of secrecy was partially lifted by President Nursultan Nazarbayev at a press conference given the day after the summit. As the president declared, he did not wait for them to discuss all the questions on the agenda but was the first to take the floor and directly appealed to the presidents to express themselves specifically on his idea of a Eurasian Union. In the words of Nazarbayev, he was surprised by Aleksandr Lukashenka:

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This time the opponent of the Belovezha agreements showed himself to be against close integration. True, he later disavowed his assessment, declaring that he was not properly understood. The idea of the Eurasian Union was unequivocally supported by Askar Akayev and Emomali Rakhmonov and some of the presidents "took note" of the idea, while Boris Yeltsin declared that it is largely being realized already but overall is still premature. Nursultan Nazarbayev himself thinks that in the longer term the idea of a Eurasian Union will prevail, because there is no alternative to it. "We proposed the payments union and the superstate economic committee in the system of the Eurasian Union, and now they have come alive," the president of Kazakhstan emphasized.

Not everything that the presidents talked about among themselves behind closed doors is being divulged. Apparently one of these themes was the concept of collective security, which was supposed to have been signed at the previous meeting. In response to a question on the fate of the concept, President Yeltsin briefly noted: "We reached agreement." It turned out that the corresponding question was removed from the agenda at the initiative of Russia. Statements by high-ranking officials about the need to "finish the work and to organize and coordinate" things appear to be less than completely sincere if for no other reason than the fact that all of this work was completed three months ago. On 20 July, the ministers of defense and foreign affairs of the nine states participating in the Treaty on Collective Security even left their signatures. The explanation for the present delay probably ought to be sought in the concept itself. It interprets in a new way the Treaty on Collective Security signed in Tashkent in May 1992.

In particular, it foresees the future establishment of unified armed forces of the Commonwealth and also the formation of collective peacekeeping forces of the CIS. The latter point objectively contradicts the interests of Azerbaijan, which is doing everything it can to oppose the introduction of collective peacekeeping forces of the CIS in Nagorny Karabakh and is demanding a greater participation of international forces. Considering that the West, in particular the United States, is showing more and more interest in Azerbaijan and the settlement of the conflict in Karabakh, one also cannot rule out the version of Russian military people who explain the hasty removal of the concept from the agenda by pressure on Russia from the West. If this version is correct, then in the future the presidents will be offered a more "subdued" variant of the concept for their approval.

Thus, the meeting of presidents in Moscow took a step toward a common market of the countries of the Commonwealth, leaving open the question: Will these agreements work?

New Press Committee Chairman Interviewed

954F0292B Moscow OBSHCAYA GAZETA
in Russian No 44, 4 Nov 94 p 12

[Interview with Sergey Petrovich Gryzunov, chairman of Russian Federation Press Committee, by Anna Mazepa; date and place not given: "Sergey Gryzunov's Debut: He Has Been Appointed Chairman of the Russian Federation Press Committee"]

[FBIS Translated Text] *Sergey Petrovich Gryzunov is 45 years old and was born in Kuybyshev. He graduated from the Moscow State University School of Journalism in 1971. He is a candidate of historical sciences (specializing in the foreign policy of the Balkan states) and worked for the APN for 25 years. He was an APN correspondent in Yugoslavia (1982-86, 1990-94). His articles have been published in LITERATURNAYA GAZETA, MOSKOVSKIYE NOVOSTI, and many other publications and he regularly works on projects with broadcasting corporations. He is fluent in all of the Balkan languages but Albanian. He has been the deputy chairman of the RF Press Committee since April 1994. He was instrumental in the removal of former Chairman B. Mironov from office. He plays soccer on the Russian government team. He is not a member of any party. He is married and has a seven-year-old son named Ivan.*

[Mazepa] Did you sleep the night of your appointment?

[Gryzunov] Very little. I was restless. I had a physical sense of colossal responsibility. I am fully aware that my behavior will determine our success or failure in putting an end to the present state of affairs, and I do not want to lose. The committee will have to undergo major changes. It will cease to be a disbursement center (the policy of subsidizing the news media has no future) and will become the government's news analysis agency—the kind that exists in any civilized state. One example is the Federal Information Service in Germany. I have had meetings with my administrator colleagues from other European countries. We are gathering the appropriate information and will start reorganizing the agency so that it can finally begin working on a sensible and precise information policy.

The committee has to have clearly defined directions, goals, functions, priorities, and limitations. The main thing we have to learn is how to represent state interests in the information sphere. The main part of this work probably will be a sensible state policy in the sphere of interrelations with the news media, based on criteria known to the media, and the principles of interrelations between the press and the government. I am certain that we have to work toward the achievement of something we do not have at this time: a normal dialogue between officials and the public, and the complete accessibility of officials.

their internal affairs." The claim that Russia supposedly intends to seize some of the territory of some new states seems particularly absurd.

In this connection, it is significant that from the standpoint of international law, the existing state borders of the new states frequently deviate from the usual standards by virtue of the method employed in their demarcation. As we know, the state borders of the new states correspond to the administrative divisions of the earlier union republics. Under the specific conditions of the division of the union, this was not only the simplest and most feasible method, but also the only possible method. The earlier administrative divisions, however, frequently had no sound historical, geographic, or ethnographic basis. Sometimes they were of an absolutely arbitrary nature and were against Russia's own interests. Russia's historical oblasts, secured by the proper international treaties by Peter I (in the northwest) and Field Marshal A.V. Suvorov (in the south), and oblasts which were explored and settled by Russians centuries ago in parts of Asia are now outside the Russian Federation.

It is an indisputable fact of history, however, that when Russia became an independent state, it did not make any territorial claims on anyone. After taking an active part in the compilation and approval of the CIS Charter, Russia has adhered to the principles recorded in the charter: "...the inviolability of state borders, the recognition of existing borders and the renunciation of unlawful territorial acquisitions; the territorial integrity of states and the renunciation of any attempt to divide the territory of other states" (Article 3).

Russia's legal defense of the Russian population in the new independent states has aroused numerous attacks. Some people have even said that Russia's actions in defense of the Russian (or Russian-speaking) population, particularly in the Baltic countries, allegedly violate international law. Articles in the American press have pointed out that the United States defends its own citizens abroad, and not the English-speaking public, and that Russia also should confine itself to the defense of Russian citizens, and not the Russian population of other countries. Some articles have suggested that Russia is acting in accordance with the "archaic principle of common blood" in its defense of Russians abroad. These references to the supposedly "archaic" nature of the concern of a motherland for its countrymen who have settled in other states are totally inconsistent with world experience.

In the first place, many states associate citizenship with nationality. The Constitution of the FRG, for example, refers less to "German citizens" than to "Germans," and it defines the "German" not as a "citizen of Germany," but as a "person of the German nationality" (Article 116). It says that "any German," and not any citizen, may be elected president of the FRG (Article 54).

Citizenship in Israel is extended to any person of Jewish descent.

The Constitution of Estonia stipulates the "right to Estonian citizenship by birth" (Article 8) and says that the president of the republic must be an "Estonian citizen by birth." It says that the state's function is to "secure the preservation of the Estonian nationality and culture forever" (Preamble).

It is a fairly common international practice of long standing for a state to offer protection to people in another state who are not citizens of the former state but do belong to its nationality.

For a long time one of the main objectives of Hungary's foreign policy has been the defense of the Hungarian minority in Romania and the maintenance of ties with it. Hungarian diplomats have undertaken several demarches in this area. The protection of the Hungarian minority in Romania has been the object of several international agreements.

France maintains close contact with the Canadian province of Quebec, with a predominantly French-speaking population. France and Quebec have concluded several agreements, mainly of a cultural nature.

The Government of the FRG regards its concern for Russian citizens of the German nationality as one of its important commitments. Russia and the FRG have concluded agreements on aid to the German minority. The FRG has also signed comparable agreements with Ukraine.

Incidentally, contemporary international law is focusing more attention on the rights of ethnic minorities. Some examples are the well-known pact on civil and political rights and the declaration of the rights of individuals belonging to national or ethnic and linguistic minorities, adopted by the UN General Assembly in 1992 as a supplement to Article 27 of the pact.

Under these conditions, any further arguments with the people who make references to "archaic" practices are obviously superfluous. Instead of doing this, we should address some issues that have been overlooked by the world press for some reason.

In contemporary international relations, when a territory is annexed by another state (or when the legal status of the territory is changed), the opinion of the population of that territory is taken into account. Referendums and plebiscites have been a common practice for a long time. The Russian population of regions densely populated by Russians and of some regions that were always part of Russia had no such opportunity. In any event, I cannot cite a single example of this.

In world practice, when a territory is transferred from one state to another, members of the population who disagree with this decision for ethnic and religious reasons are given a just opportunity to move somewhere else. When the USSR ceased to exist, the Russians who became an ethnic minority (and in most cases a minority treated in a discriminatory manner) in a foreign state

overnight, were also deprived of this right. There are still no intergovernmental agreements to secure these Russians' right to move without fear of the arbitrary whims, and sometimes the outright larceny, of local officials. It seems that Russia is to blame for not (in contrast to the FRG, for example) adopting a detailed statewide program for the reception of Russian refugees.

It seems to me that these privations should be the central topic of discussion, from the standpoint of international law, instead of the sporadic measures Russia has taken in defense of the Russian minority communities.

In general, Russia's concern for the Russians in the new independent states is completely consistent with the international standards of human rights and with world practice. Furthermore, this problem, despite its massive scales (25 million Russians live in the nearby foreign countries), is within the sphere of ordinary intergovernmental relations, in which Russian diplomacy can make use of the rich arsenal of methods and means developed by world practice in accordance and agreement with international law.

This analysis might create the impression that "Russia's special role" is simply a matter of foreign policy, and not of international law. This conclusion, however, would be premature and biased.

The events of the last few years have provided vivid proof that Russia has been charged with a special mission, connected precisely with the guarantee of peace and security in the region and international law includes special rules for the maintenance of peace and security.

International law proceeds from the premise that states have armed forces and want to be included in world cooperation. The UN Charter does not deny their right to individual and collective self-defense (Article 51). The maintenance of peace and security, however, is a function assigned to the United Nations by contemporary international law. The UN Charter stipulates that armed forces should be used only in the common interest (Preamble). The charter endows the United Nations with the right to take preventive and coercive measures against violators when necessary. These measures may include economic sanctions and armed operations.

A state may ask the General Assembly, where all UN members are represented, to settle a dispute. The "primary instrument" for maintaining international peace and security, however, is, according to the UN Charter (Article 24), the Security Council, consisting of 15 members. In this agency as well, a special role in decision-making is played by five permanent members, including the Russian Federation. These rules naturally influence the application of many principles of international law, including the principle of the sovereign equality of states.

Furthermore, contemporary international law effectively distinguishes between "worldwide peace and security" and "regional peace and security" as one of the elements

of the former. The former is under the immediate jurisdiction of the UN Security Council, but the latter presupposes initial attempts to settle local disputes on the regional level. The UN Charter specifically obligates "regional bodies" to deal with these conflicts in accordance with "regional agreements." The charter does not impose any restrictions on regional methods and procedures, but simply stipulates that the Security Council must be notified of the measures to be taken (Article 54). In addition, the regional bodies cannot take coercive measures without authorization from the Security Council (Article 53).

Therefore, international law presupposes collective responsibility for the safeguarding of international peace and security—the responsibility of the United Nations as a whole, encompassing virtually the whole world community; the responsibility of the UN Security Council, including the responsibility of the permanent members of the Security Council; and the responsibility of regional associations. There is only one case in which a state may use its armed forces on an individual basis—in the case of self-defense, as stipulated in the UN Charter.

The principle of collective responsibility is so firmly entrenched in contemporary international relations that even the efforts of regional bodies to settle local disputes are undertaken not only with the notification of the United Nations, but also under its auspices. The practice of sending military observers and contingents to conflict zones by a decision of the Security Council in order to achieve a cease-fire and maintain a state of truce between the parties to the conflict has become a tradition. All of these military forces are formed, of course, by different states, by a decision of the Security Council, and they are always collective in principle, consisting of subunits of different national armies.

Contemporary international law knows of no situations in which individual states, however "great" they might be, have been justified in taking sole responsibility for peace and security in a particular region outside their own territory. To date, there have been no cases in which the Security Council has authorized a single state to conduct armed operations to establish or maintain peace on its own.

Politicians and journalists frequently forget these tenets of international law or treat them as mere formalities. Articles in the foreign press, for example, said that the United States and a few of its NATO allies were responsible for the military operation against Iraq (Operation "Desert Storm"). There is no question that the broad-scale operation was planned not by the UN Military Staff Committee, but by the U.S. military command. The main striking force consisted of American soldiers under the command of American generals, and the success of the operation was celebrated in Washington as a U.S. victory. All of these circumstances are true, and they reflected the United States' "special role" in the world

and its political, economic, and military strength, but no one should forget that the military operation against Iraq as an aggressor was conducted by a decision of the UN Security Council and was carried out in general under UN auspices.

The United States has played its "special role" through the collective efforts of the United Nations, NATO, and the Organization of American States (OAS) in other cases as well. American diplomacy wants the backing of international law for U.S. operations in defense of U.S. interests, including "special interests." Incidentally, the UN "blue berets" are not sent to the American continent, although there are many conflicts in the OAS region. These conflicts are resolved on the regional level.

International law and world practice have defined and still define the procedures of action by the states of a region, including Russia, to guarantee peace and security.

It must be said that the new independent states are aware of their responsibility and have taken measures to arrange for collective action, particularly within the boundaries of the CIS. The CIS Charter discusses this matter at great length. It stipulates that the member-states will "maintain security in the Commonwealth, with the help of groups of military advisers or collective peacekeeping forces when necessary" (Article 11). The charter defines the mechanism for the elimination of threats to regional peace and security, including "peace-keeping operations" (Article 12).

Some efforts have been made to implement the provisions of the charter. Kazakhstan, Kyrgyzstan, Russia, and Uzbekistan, for example, made the decision to send collective armed forces to the Tajik-Afghan border to protect this section of the foreign border of the Commonwealth from external threats. A declaration of the willingness of the signatories of the Treaty on Collective Security to send collective peacekeeping forces to the zone of the Georgian-Abkhazian conflict was approved at the Moscow meeting of the CIS heads of state in April 1994.

The actual processes of the establishment of the new independent states and the initial political and organizational weakness of the CIS, however, created a situation in the region that did not conform to common international standards. Above all, Russia had to take extraordinary measures on its own. In particular, armed conflicts in some countries of the CIS necessitated emergency intervention by Russian troops to alleviate tension.

The tragic carnage in Bendery and Dubossary left no time for its discussion in the CIS, not to mention the UN Security Council. Only the vigorous efforts of the 14th Army accomplished a cease-fire and brought the conflicting parties to the negotiating table. An agreement on the principles of a peaceful settlement was signed in Moscow in July 1992 by RF President B. Yeltsin and

Moldovan President M. Snegur. By the terms of that agreement, Russian soldiers are still patrolling the cease-fire line.

Russian soldiers stopped the massacre in Southern Ossetia, and the truce there is still being secured by the presence of a Russian battalion.

The brutal bloodshed in Tajikistan was also stopped with the help of the 201st Russian Division there. Russian border guards were responsible for keeping Afghanistan from breaching the Tajik border.

The final document of the Moscow meeting of B. Yeltsin and E. Shevardnadze, signed on 3 September 1992, marked the beginning of the end of hostilities in Abkhazia and the start of the peaceful resolution of that conflict.

Moscow also took measures to stop the war over Nagornyy Karabakh, and it is not to blame for the continuation of this senseless bloodshed.

Apparently, we still have not realized the full significance and the whole scope of Russia's peacekeeping mission in the region. If Russia had not taken quick and vigorous action to stop the escalation of conflicts in a number of "hot spots," several Karabakhs would be raging in the region instead of just one. The defense of the Tajik border has kept the "holy war" of the Mujaheddin from spreading to Central Asia.

Russia's vigorous efforts prevented the expansion of armed conflicts in a huge region with nuclear weapons, nuclear power plants, and other nuclear facilities. In this way, Russia not only promoted political stability in the region and may have saved the lives of millions of people, but also had a hand in the preservation of international peace and security. Yugoslavia is a vivid example of this.

According to the data of the RF Ministry of Defense, the following were being used in the CIS region in March 1994:

- four motorized rifle battalions (1,800 men) of Russian peacekeeping forces in the Dniester zone;
- one motorized rifle battalion (532 men) in Southern Ossetia;
- the 201st Motorized Rifle Division among the collective peacekeeping forces of the CIS in Tajikistan.

In 1992 the Ministry of Defense spent more than 2.5 billion rubles (in 1992 prices) on peacekeeping operations within the territory of the former USSR, and in 1993 it spent over 26 billion rubles on these operations.³ These huge expenditures were made for humanitarian reasons by a country experiencing a severe crisis.

Russia had no wish whatsoever to establish its own dominion in the region, and it did not want to act alone to stop the armed conflicts in the "hot spots" and settle

conflicts there. It demonstrated its complete willingness to interact with UN and CSCE agencies, and even with some of the states concerned, when circumstances allowed this.

The mandate of the CSCE mission in Chisinau specifically includes the elaboration of recommendations concerning the political status of the cis-Dniester zone.

At the request of E. Shevardnadze, the Security Council discussed the settlement of the Georgian-Abkhazian conflict repeatedly after 9 July 1993 (Resolution No 849). Negotiations by the parties were held in Geneva under UN auspices, with the help of Russia and with the participation of a representative of the CSCE. A group of experts, consisting of representatives of Georgia, Abkhazia, the United Nations, Russia, and the CSCE, was formed to elaborate recommendations concerning the political status of Abkhazia in 1993, and in 1994 it was converted into a standing committee with broader powers.

During the war over Nagornyy Karabakh there were appeals from the parties to the UN Security Council and the CSCE, and there were attempts at mediation by Kazakhstan, Iran, and Turkey. The Minsk CSCE group is working on the resolution of the conflict now.

It became clear fairly soon, however, that neither the United Nations nor the CSCE had the potential to settle conflicts effectively. The United Nations was already conducting 17 peacekeeping operations in 1994. The only real force capable of assigning military contingents and financing their peacekeeping operations was Russia. The situation in the Georgian-Abkhazian conflict zone is an example of this. When the conflicting parties addressed the UN Security Council with a request for the deployment of peacekeeping forces along the line of disengagement, it passed a positive resolution. A comparable resolution by the CIS heads of state was already mentioned above. The actual operation, however, consisted of five Russian battalions stationed along the Inguri River. The UN Security Council consented only to send military advisers to that zone.

An analysis of events within the territory of the former USSR indicates that Russia did make the decision to use its own armed forces to stop bloody conflicts (in the cis-Dniester zone and Southern Ossetia, for example) without the preliminary consent of the UN Security Council. These actions cannot be described as unlawful. Russian soldiers shed their blood in the "hot spots" for the sake of the most humane goals, in defense of human rights, especially the right to life. Could anyone say that the bloody massacres in Southern Ossetia or the Dniester zone were not violations of human rights in a particularly brutal form and on a particularly massive scale?

The documents of the CSCE stress that violations of human rights are not merely the internal affair of any one state and are the immediate concern of the other CSCE states. It would have been immoral and criminal if

Russia had remained an uninvolved and indifferent observer of the appalling tragedies which still have not been resolved completely in Abkhazia, Nagornyy Karabakh, the Dniester zone, and Southern Ossetia, even if these were the tragedies of other independent states.

In these cases the fact that the blood was being shed outside Russia's own borders was not a valid argument.

Proceeding from the concrete historical situation, Russia's overall stance with regard to the guarantee of peace and security in the region must be described as the following: It was given a special responsibility for peace and security and it did not shirk this responsibility. Each state is obligated by international law, and by the UN Charter in particular, to foster international peace and public security. This obligation also extends to the new independent states of the region, and it extends to the CIS as a regional organization.

The actual state of affairs, however, is one in which only Russia is capable of performing this function effectively. An analysis of the development of the CIS indicates that tendencies toward integration are growing stronger. This provides grounds for the hope that the mechanism for collective action to guarantee regional peace and security might also be reinforced in time, but this is unlikely to occur in the near future.

As far as the United Nations is concerned, its 17 peacekeeping operations at the beginning of 1994 had stretched its capabilities to the limit, including its financial capabilities. In any case, the United Nations is in no position to send the necessary peacekeeping forces to the "hot spots" in our region.

The world community cannot, however, return to the colonial era (in violation of the UN Charter). The principle that states will use their own armed forces only in the common interest must be preserved above all. There is no question that the Security Council must also retain the prerogatives it was assigned by the UN Charter.

The obvious solution is that the United Nations should give Russia a mandate to conduct peacekeeping operations in the region. This mandate, of course, would include UN military observers and other forms of oversight and supervision by the Security Council and its authorized agencies. There is no question that the CSCE would also play a role in this. This seems to be the most valid solution for the region of the new independent states.

The special responsibility for the maintenance of peace and security in the region will impose substantial difficulties on Russia, in addition to its current complex domestic problems, but this is indivisible from the "special role" history expects Russia to play in the region and in the whole world.

The status of Russia as a permanent member of the Security Council, its increasing participation in the

"Club of Seven," and its involvement in the NATO "Partnership for Peace" program, commensurate with its political and military potential—all of this is certain to assist Russia in discharging its responsibility for peace and security in the region.

Meanwhile, the new aspects of the present international legal situation will require the world community to offer Russia more substantial moral and financial support in its "special role" and its regional mission in the interest of world peace and for the consolidation of the new world order that is taking shape today.

Footnotes

1. FINANSOVYYE IZVESTIYA, 12-18 May 1994.
2. "Legal Bases of Informatization Processes" (summaries of reports by speakers at international conference on "Legal and Informational Aspects of the CIS Common Economic Zone," Moscow, 1994, p 48).
3. ROSSIYSKAYA GAZETA, 23 April 1994.

MFA Official on Importance of Ties With Latin America

954Q0053A Moscow MEZHHDUNARODNAYA ZHIZN in Russian No 9, Sep 94 (Signed to press 8 Sep 94) pp 36-43

[Article by Vladimir Lvovich Tyurdenev, director, Central and South America Department, RF Ministry of Foreign Affairs: "Latin America and Russia"]

[FBIS Translated Excerpt] In the last decade, the role of Latin America in the modern system of international relations and world commercial and economic ties has been experiencing significant qualitative changes. This is now not only a continent possessing extremely rich natural and human resources and a solid economic, scientific and cultural potential, but also one of the most dynamically developing regions of the world, conceding in rate of economic development only to the Asia-Pacific region. [passage omitted]

A Profitable Commercial and Economic Partner

Latin Americans are eagerly studying the possibilities of further development of relations with Russia. In their overwhelming majority, the continent's states welcomed the democratic changes in our country, and, in all stages of development of Russian statehood, they provided it with moral, political, and diplomatic support. They view Russia as a great power, the political and economic importance of which is an inseparable component in maintaining the needed balance in the world arena.

Noteworthy in this aspect is the sufficiently clear understanding shown in Latin America of the fact that the current difficulties of the transitional period our country is undergoing are temporary, and that in the future this country's importance in the international community will steadily grow.

The significance of Latin America in the international arena and in the system of world economic ties, which noticeably increased in recent times, predetermines the need for viewing relations with the states of this continent as an important independent direction on the scale of Russian foreign political priorities. Such relations must play an adequate role in the matter of supporting our country's political and economic interests in the currently forming multipolar world.

This approach was laid at the basis of practical efforts to develop multifaceted ties between Russia and Latin America. They are aimed chiefly at preferential development of Russia's interaction with states of the region with which cooperation can produce the most substantial results from both the economic and political point of view, though of course not in detriment to relations with other countries of Latin America.

Growth in efforts to develop Russian-Latin American economic cooperation is evidence of the presence of good prospects in many areas. In view of the international division of labor, the economies of our countries are to a certain degree mutually supplementary. There is a favorable market in the region for the export of Russian industrial goods and equipment; there is noticeable interest in Russian progressive technologies and "know-how" and the necessary foundation for deepening commercial and technical interaction exists.

Latin America is important to Russia as a source of some types of valuable raw materials, certain types of equipment and technologies corresponding to the best world standards, consumer goods, and foodstuffs. In the future, Latin America may become a source of investments into the Russian economy and, beyond that, a sphere of application of domestic capital. In some cases, for example in relations with Mexico, there is a possibility for products manufactured there to enter North American markets.

It should be noted that Russia's transition to a market economy and the associated rejection of state credit led in the early 1990's to a significant decline in the volume of commercial and economic cooperation, particularly in investments, between our country and Latin American states. However, as new forms of foreign economic ties are developing, the situation is gradually changing for the better. Thus, as compared to 1992, in 1993 Russian-Latin American commodity turnover increased from \$1.35 billion to \$1.67 billion—that is, by 24 percent, which was achieved chiefly due to the entry of Russian private entrepreneurial organizations into Latin American markets.

Both in our country and in Latin America there are dozens of joint ventures, some of which occupy the leading positions in the economy of the states of the region—for example the Russian-Nicaraguan joint venture Intergeoterm (the volume of its operations exceeds \$200 million).

We have initial experience in attracting Latin American investments into the Russian economy. Chambers of commerce, associations for business cooperation, financial-industrial groups and so on have been created with a number of countries (Mexico, Cuba, Panama, Nicaragua, Bolivia).

Practical steps are being taken to set up mutually advantageous partnerships with Latin American states in the areas of peaceful development of space (Argentina, Brazil, Colombia, Chile), petroleum refining and petrochemical industry (Argentina, Venezuela, Colombia, Mexico, Chile), power engineering (Argentina, Brazil, Colombia, Nicaragua, Uruguay), transportation (Argentina, Brazil, Venezuela, Chile, Ecuador), fishing (Argentina, Colombia, Mexico, Nicaragua, Peru, Ecuador, Chile), agriculture (Argentina, Brazil, Mexico, Colombia, Chile), production and marketing of nonferrous metals (Bolivia, Chile), and development of geothermal resources (Nicaragua, Costa Rica, Ecuador).

A number of objects of technical cooperation, particularly in Argentina, Brazil, Peru, Cuba, and some other countries, have been placed into service and are producing a practical payoff. And the overall economic effectiveness of all of these projects is measured in the hundreds of millions of dollars.

Renewal of the contract and legal base of Russian-Latin American economic ties, which has recently been gathering momentum, is promoting implementation of numerous projects. In particular, in 1993 agreements were signed on trade and economic cooperation and on the creation of a corresponding Intergovernmental Commission with Argentina, a commercial and economic agreement was signed with Chile, a Protocol of Intent to Engage in Commercial and Economic Cooperation was signed with Brazil, and an agreement was signed for cooperation between the RF [Russian Federation] Chamber of Commerce and Industry and the Mexican Council of Businessmen for International Affairs.

The drafts of similar agreements and documents on repealing double taxation, on mutual encouragement and protection of investments, and so on are in different stages of development and coordination with a wide range of countries on the continent. A framework agreement with Colombia on the principles of the work of specialists—citizens of the agreeing parties—on their territories has been written.

A significant amount of work was done to shift priority in bilateral ties with Cuba, which remains an important partner of Russia in the region. Around 25 documents affirming the new nature of Russian-Cuban relations, their shift to the principles of strict parity, mutual advantage and balance, with regard for the long-range interests of our country and the large volumes of capital investments made into the Cuban economy earlier by the former USSR, were signed in the course of 1992-1993.

Favorable prospects have recently become evident for our establishment of a firm place in the Latin American

arms market and in the development of military-technical ties with the continent's states. What I believe to have been a positive effect of Russia's participation in the Eighth International Aerospace Exhibition, held in March of this year in Chile, is particular evidence of this. A number of specific deals and plans for possible interaction in this sphere are being worked out with Argentina, Brazil, Venezuela, Peru, and Chile. A major contract to deliver Russian air defense resources to Brazil was recently signed.

Economic Ties Must Be Improved

Clearing the logjam of the indebtedness of certain Latin American countries to Russia—Cuba, Nicaragua, and Peru—remains an important sphere of application of Russian efforts in the area of economic ties. As of 1 January 1994, according to data of the Russian side, it was \$32 billion. This problem is to a significant degree a legacy of the era of ideological and military-political confrontation. It is aggravated by the fact that the positions of our debtors in relation to a number of key issues, including the amount of the debt, the rate of conversion of its ruble part into freely convertible currency, and so on, are sometimes significantly different from ours.

At the same time, paying off Russia's indebtedness to certain countries, particularly Uruguay (over \$40 million), is an acute problem. If it remains unsolved, it may negatively affect the dynamics of our economic ties with the region.

Steps are being taken to set up cooperation with the region's integrated associations. There is importance to awarding Russia the status of a permanent observer at the Latin American Association for Integration, and to acquisition of the same status, and full membership in the future, in the Inter-American Development Bank, which could open a path for us for advantageous participation in major projects financed by it.

Possibilities are being studied for organizing contacts with integrated groupings of subregional importance, particularly MERKOSUR [not further identified] and the Andean Corporation (a financial association of states of the Andean group). We are attentively following formation of the North American Free Trade Area.

Work is being done to establish direct economic interaction of regions of Russia (the Far East, Siberia, the Urals) both with individual Latin American states (such contacts are already being established, particularly with Chile) and with regional integrated associations.

At the same time, current experience shows that for successful realization of the potential of economic cooperation with Latin America, which can serve as an additional stimulus for uplifting the Russian economy in the future and which may become a noticeable lever with which to provide it strong positions in world markets, purposeful, coordinated efforts are required.

It is necessary to consider in this case that the Latin American continent is attracting increasingly greater attention not only from the leading industrially developed states, but also from new industrial countries, chiefly South Korea, Taiwan, and North Korea. Passiveness on our part will soon mean loss of the niches of cooperation that are still open to Russia. An accent on shifting the bulk of economic interaction with Latin Americans from the state to the private sector must become an important element of our line in the foreseeable future. However, given the slow rate of surmounting the crisis in the Russian economy and the relative weakness of new market formations, this course must rely on firm support from state foreign economic structures.

Efficient study of market conditions and of trends prevalent in the Latin American market, and development of an optimum mechanism for getting this information to a wide range of Russian business partners, also have important significance in this strategy today.

Priority is being placed on creation of the necessary infrastructure to support Russian economic interests in Latin America. This can include, in particular, such measures as strengthening Russian presence in free economic zones in Latin American countries. There may also be a good impact from proper bank support to economic cooperation with Latin America.

Besides the issue of creating a Russian-Latin American bank with the assistance of the Ministry of Foreign Affairs, the World Bank, and the Central Bank of the Russian Federation, which is still on the agenda, it may be possible to establish direct mutually advantageous contacts between solid Russian banks and similar Latin American structures, for example through one of the largest regional banking centers in Panama.

Measures of tax and credit stimulation of Russian exporters of finished products, expansion of the practice of providing state guarantees on concluded deals, and other measures could promote widening of commercial exchange with Latin Americans. In some cases, experience shows, "political sponsorship" of economic projects advantageous to us is required, especially in connection with the fact that Western countries, including the United States of America, are not at all applauding the appearance of Russian competitors in the Latin American market (chiefly in the high-tech sectors and in the sphere of military-technical cooperation), and they often utilize levers of political pressure upon the leadership of Latin American countries in order to undermine our positions.

A new approach to commercial and economic relations with Latin America also requires a different kind of structural support to our objectives. In this aspect, the present system of trade representatives, which continue to concentrate their activities on carrying out functions initially modeled for servicing a state foreign trade monopoly, is a clear anachronism.

In this connection, it is obvious that the time has come to introduce variants and schemes that are most widespread in world practice, and to orient ourselves on opening direct representatives of Russian firms in Latin American countries. A regularly operating mechanism of work of the Ministry of Foreign Affairs and our embassies with representatives of Russian business, who have limited and, as a rule, one-sided experience in ties with Latin America at the moment, would also be useful. The practice of organizing meetings with them, with the participation of leading Russian specialists, and creation of a widely accessible operational data bank and a system of long-range economic forecasting of the possibilities of the Latin American market may play a certain role here.

Dialogue Is Developing and Deepening

Stable interest in developing diverse forms of political relations with Russia can be noted in Latin America. This pertains first of all to contacts at the highest and high levels. In June 1993, Chilean President P. Aylwin made an official visit to our country. Exchange of notes on urgent international problems and issues of bilateral relations between the RF president and leaders of Latin American states, and at the level of ministers of foreign affairs, is widely practiced.

In 1994, Russia was visited by the foreign affairs ministers of Colombia (N. Sanin in April), Argentina (G. Di Tella in May) and Panama (J. R. Mulino in April). A. V. Kozyrev held a number of meetings with the foreign affairs ministers of Latin American countries at recent sessions of the UN General Assembly in New York.

To the great satisfaction of political circles of Latin America, exchange along parliamentary lines has resumed. The first major step in this direction was a visit by a delegation of the RF Federal Assembly headed by V. F. Shumeyko to South America, in the course of which Russian parliamentarians visited Argentina, Brazil, Venezuela, Chile, and Ecuador. Activation of interparliamentary cooperation will doubtlessly be promoted by a group created in the Federal Assembly for relations with Latin America.

Creation of the legal basis for further development of multifaceted political interaction is given an important role. In particular, the basic political documents (agreements, treaties, declarations on principles of relations and cooperation) were signed or initialed with Chile, Colombia, Argentina, and Panama. A similar document has been coordinated with Brazil and is ready for signing, and the corresponding drafts are in different stages of development in relation to Uruguay, Mexico, Venezuela, Ecuador, Nicaragua, and Cuba.

Consultations between foreign affairs ministries of Russia and Latin American states regarding bilateral and international topics (at the level of deputy ministers of foreign affairs and directors of the corresponding departments) and consultations on Latin American problems with foreign political departments of the leading

Western powers have become a regular thing. Such consultations were conducted in 1993-1994 with the United States, Spain, and England. A representative of the RF Ministry of Foreign Affairs took part in the corresponding work of a meeting held within the framework of the North Atlantic Cooperation Council.

The line of introducing Russia in one form or another into the activity of regional associations of the Western Hemisphere, which we have been pursuing in recent years, is a fundamentally new factor. Basic agreement has been reached on resuming dialogue with the "Rio group," which unites the leading states of the continent. The signing of a memorandum in June of this year on a mutual understanding between the government of the Russian Federation and the general secretariat of the Organization of American States was an important step forward in the matter of introducing specific content to Russia's status as a permanent observer of the OAS.

Russia's decision to take part in efforts under the auspices of the OAS to clear mines from zones of former military conflict in Central America, in the resolution of which Russia had taken an active part and continues to do so, received a high evaluation from the OAS and from Latin American political circles in general.

Maintenance of our presence in this region, which also includes the Caribbean basin, and active participation in efforts of the world community to stabilize the situation within it, remain a significant factor in supporting the equilibrium there and are promoting final elimination of the vestiges of a confrontation mentality that came into being in the era of bloc confrontation. This pertains not only to Nicaragua, El Salvador, and Guatemala, but also to removing the blockade on Cuba. Russia is playing a noticeable role in the UN Security Council in the matter of Haitian settlement.

Development and deepening of dialogue with Latin American countries on international problems is being helped along by the closeness of the approaches of our countries to solving most of the key problems of modern times, including the disarmament problem, strengthening the regime of nonproliferation of nuclear weapons and prohibition of other forms of mass destruction weapons, protection of human rights, the fight against

terrorism and drug trafficking, environmental protection, research on Antarctica and the World Ocean and so on. Although it stands to reason that differences also remain in regard to some issues, which only emphasize the need for close political cooperation.

Today and in the future, support to Latin American countries may play an important role in strengthening Russia's positions in the world arena, in the United Nations and in other international forums. We need to account for the growing authority of Latin America in the Nonalignment Movement, as is evidenced in particular by the fact that this region was chosen as the place for the next meeting of the heads of state and governments participating in the movement (this forum is to be held in Colombia, which occupies the place of the movement's chairman).

In this case it must be kept in mind that many significant issues of the movement, ones like solving the foreign debt problem, liberalization of trade, establishment of a better balance of prices of raw materials and industrial products, expansion of access to progressive technology, and so on, are objectively close to Russia and to the group of states of Latin America having access to the Pacific Coast. I am referring primarily to activating multilateral cooperation within the framework of the Asia-Pacific region and the special organizations functioning within this region (ATES [not further identified] etc.).

Thus, despite the fact that under the conditions of dismantling of the bipolar confrontational model of the world the Latin American continent has objectively "shifted" in the scale of Russia's foreign political priorities, development of its diverse dynamic relations with Latin America offers considerable promise. Multifaceted cooperation with this region is promoting reinforcement of Russia's positions in the world as a great power, and in the future it may become an additional lever for solving our internal, chiefly economical, problems.

However, it is important for the good possibilities existing for mutually advantageous cooperation not to be missed, and for Russia to "stake out" areas right now for further reinforcement of its position in the region, since otherwise, in view of the continent's swift movement forward, and efforts by other countries to develop ties with Latin America, we may lose them.

POLITICAL AFFAIRS

President Implicated in Zvyahilskyy Affair

954K0343B Donetsk AKTSENT in Russian 5 Nov 94 p 2

[Article by S. Tikhyy, MN correspondent for Ukraine: "If Zvyahilskyy Talks—'All the Threads of the Criminal Case... Will Lead to the President'"]

[FBIS Translated Text] General Procurator of Ukraine Vladislav Datsyuk presented the recommendation to the Supreme Council that Yuhym Zvyahilskyy be stripped of deputy immunity. No intelligent observer can have any doubt as to why the new authorities have demanded the head of Zvyahilskyy. The campaign to fight corruption that began with the issuing of President Kuchma's first decree has been ongoing now for two months. It has failed to produce any tangible results, however. Yuhym Zvyahilskyy is a more than suitable figure for the demonstrative, showcase trial that society has long been awaiting. In addition, President Kuchma feels obvious hostility towards the former acting prime minister. When Kuchma was prime minister, Zvyahilskyy was brought forcibly into the Cabinet from afar as a result of multiple intrigue. It was Leonid Kravchuk's design to try to limit the influence of the Dnepropetrovsk clan and its representative in Kiev, Leonid Kuchma (whom Kravchuk viewed as a rival even at that time), by strengthening the Donetsk nomenklatura. Finally, on the threshold of price surges, it is necessary to damage the image of the prime ministership of Zvyahilskyy, when by virtue of a grossly monetaristic government policy the nonpayments crisis between enterprises has reached catastrophic proportions. But the man in the street is accustomed to prices that since December of last year have changed without surges and not all that steeply (the growth of inflation in July amounted to just 2.5 percent).

All this has not abolished the detailed court examination, of course. But the desire to discredit Zvyahilskyy as quickly as possible has been so strong that the final weeks of the campaign against the former acting prime minister acquired all the signs of persecution. Most demonstrative in this regard was the article "Subjugation of the Man-Mountain" (thus they nicknamed Yu. Zvyahilskyy because of his imposing size), published in UKRAYINA MOLODA, a newspaper close to presidential circles. The article is written in the finest traditions of Soviet journalism. At first the author dons the procurator's mantle: There can be no doubt as to incidents of abuse on the part of the acting prime minister. Then, just like a judge, he sets the measure of punishment. "Will many millions of dollars hidden in foreign banks save the man-mountain from 15 years of prison with confiscation of property?" Here the author is so artless that he proceeds to answer his own question straightaway: "Perhaps under conditions of a thoroughly corrupted state, Zvyahilskyy could still somehow buy himself off, but all the threads of the criminal case evidently lead straight to the fingers of the president, who made the struggle for order

and decency the credo of his preelection campaign..." (The journalist was apparently trying to say that the president is retaining control of all circumstances surrounding the case, but it seems he is not that good with the pen...)

From all appearances, the authorities have crossed the line beyond which establishment of the truth within the framework of civilized judicial examination is hardly still possible. Too many reputations can be hurt. For the time being Zvyahilskyy is silent, but if the situation compels him to talk, the consequences of this step will be difficult to predict. How the scandal will develop depends to a great degree on debate in the Supreme Council on the recommendation of the general procurator and how the vote proceeds on this question.

Administrative Chaos Scored in Government, Legislature

954K0309A Kiev UKRAYINSKA HAZETA
in Ukrainian No 20, 27 Oct 94 p 2

[Article by Yuriy Kostenko, minister for environmental protection of Ukraine, people's deputy, under the "Observations at the Invitation of UKRAYINSKA HAZETA" heading: "Chaos That Fetters the Parliament and the Government"]

[FBIS Translated Text] What worries me most today is the state of reforms in our country. It is very unfortunate and dangerous that we have still not formed a system of government. Despite the fact that there is a Constitution that defines the powers of the Supreme Council and the president, I cannot say that in real life they carry out their functions in accordance with the Basic Law. The very first thing that parliament should do is create a system of laws that would enable the executive branch to carry out the necessary government programs. Its second important function is to act as a check.

Unfortunately, I cannot say that the Supreme Council performs these functions and provides a legislative framework for implementing reforms. Sitting in the hall, one can only marvel at the range of issues discussed at the plenary sessions: cholera, the restoration of the CPSU, Blasko, the oil terminal—in other words, issues that should be decided by the executive branch alone. At the same time, solving the problem of a professional parliament is being postponed. The drafting of the conception of a professional parliament has not been completed. Who is to do this, who is personally responsible for this—no one knows. A patently formal approach. This makes it impossible to achieve order in the country.

Mr. Moroz, mark this, states that there must be strict compliance with the decree that obliges deputies to work on a professional basis and this, he claims, will assure a real division of functions between the executive and legislative branches. In European countries, where

democracy has existed for hundreds of years, only deputies serve as ministers. The reason for this is that the government carries out its programs through parliament because these require legislative support. That is how a certain consolidation of actions is achieved. In democratic countries, the government is formed by the party or coalition of parties that has won the elections in order to have broad support for its programs. In the United States, which has a purely presidential form of government, the head of state has the right to appoint as his ministers only those who are not parliamentarians. But he forms his Cabinet mostly from members of his own party, which has a majority in Congress and will ensure the execution of the government's programs.

But if the government says one thing, and the Supreme Council another, as has been the case in our country for over four years, how can there be a unified economic policy, for example? And we see the results: The government is trying to carry out privatization, while the parliament blocks this effort; the government proposes to carry out land reform, and the Supreme Council adopts a decision to prohibit the sale of land. In effect, this means a halt to all rural reforms.

The question of a professional parliament, which has been formally decided, has now resulted in a situation in which a number of deputies—directors and chairmen of collective farms—have stayed on in their jobs without pay, so to speak. But they wield the same power, and there is no doubt that those at their "old jobs" will find a way and the means to compensate such "loyal" directors. There is no question that we have nonprofessional deputies.

Until the Supreme Council begins doing its real job—that is, writing laws—a job involving a sea of problems, we will not move an inch closer to surmounting the crisis. Rural issues have been discussed for more than four years, but where are the reforms that would make it possible to increase the effectiveness of farming? There are no such reforms. The plunder of peasants continues. Many local managers are quite satisfied with this situation. Because the so-called average yield of 20-25 quintals per hectare is enough to enable collective and state farms to exist and provide for their needs. On our land, this is disgraceful. The peasant's sense of pride has been destroyed, and he now asks with indifference: What do I need private farming for, when I can get everything I need from the collective farm and this will do me?

It is up to the Supreme Council to create conditions in which grain yields on our golden land, as it is called, measure not 20-25 quintals per hectare, but 90-100. Holland is all sandy loam, yet its farmers harvest 90 quintals per hectare. And Austria's very poor soil produces 100 quintals. Even in Slovakia, a postcommunist country, they harvest 90 quintals of grain per hectare.

Instead of creating a legislative basis for agricultural reforms, our Supreme Council "wins" credits for farmers which subsequently produce price increases. Meanwhile, progressive taxes on land are used to stimulate agriculture the world over, and this does not cause the land to grow over with weeds as it does here.

And now concerning the problem of social safeguards. What should we do to solve this problem given the fact that the economy is in crisis? In our situation, the increases in pensions and the minimum wage rate, which the socialists are calling for with "hunger strikes," are sheer populism. We have already taken such steps, and we know that if we do this, goods will vanish from the counters, prices will rise, and once again everyone will be just as poor as before pensions were raised.

A social safety net is possible only if production rises. This requires privatizing a portion of our enterprises and cutting off support for ineffective industries. An owner will always find a way to make his enterprise profitable. To promote this, the Supreme Council has to create laws that will change the taxation system and the system of foreign exchange controls.

However, if we look to the experience of postcommunist countries, the most important thing is privatization. The state should control only strategic sectors and hand over the rest to those who know how to run a business. Where this has already been done—Poland, the Czech Republic, Hungary—the current average wage is not \$15-\$20 as here but \$300. This is what creates a social safety net, and not demanding from a pauper country money that it does not have.

What kind of executive power do we have today? In general, it consists of four "centers": the president and his administration, the prime minister and his staff, the minister of the Cabinet of Ministers and the various administrations, and the ministers and their ministries. There are almost no links among all these different branches. Each acts autonomously. That is precisely why we have such a huge number of problems.

For example, take our ministry. There is an ecology department in the Cabinet of Ministers, and the president's administration also has advisers on ecological issues. We prepare a document and submit it to the Cabinet of Ministers. The Cabinet's ecology department then decides to which ministry our document should be sent to ensure that there is consent for the proposal. It usually ends up in the hands of ministries that are not interested in the given issue. Paradoxically, the result depends, as a rule, on those to whom the ecology department sends the document.

Or take another example. I write a letter to the prime minister, but an official close to him does not let the letter through. This official writes his own resolution, submits his own "game chip" to the deputy prime minister, and either the idea is completely rejected or the letter is passed around for months among various departments and ministries. This kind of bureaucratic arbitrariness reigns everywhere and blocks the work of the executive branch.

Formally, it is the minister who is responsible for his branch, but in reality everything is decided by the staff of the Cabinet of Ministers. We already know the fate of Kravchuk's edicts.

While a document is being circulated among various institutions to ensure that everyone consents to it, the public hears something quite different, even something that is the exact opposite of what was originally written. Why? Because different structures introduce wording to satisfy some group of people or another. That is why we cannot do without a fundamental reform of the executive branch. There should be no intermediary structures between the president or prime minister and the ministers.

Finally, we have to decide what we want the Cabinet of Ministers to be. Are the ministers to personally decide strategic questions in the work of the government? Or do the ministers make up an advisory body, while decisions are made by the prime minister or the president? Will the Cabinet of Ministers remain a conglomerate of many thousands of officials, who today pose the greatest hindrance to any kind of reform.

As to the third branch of government, the judiciary, there is not much one can say. By all accounts, work has not even begun in this realm. However, if this system does not function properly, we will never be able to resolve the conflicts between the legislative and executive branches. For example, it is our ministry's job to control the use of natural resources, yet we have a smaller staff than the same ministry in little Slovakia. Also, measures to protect the environment are not financed by us but by the Ministry of Finance. Yet the procurator's office, instead of waging a battle against those who violate environmental laws, is trying to bring charges against... our ministry's personnel. There is no logic. We see only the same antiquated bureaucracy and the same rusty executive mechanism at work.

Two years ago our ministry began ecological reforms. In brief, they boil down to creating an effective economic mechanism to influence the activity of enterprises, a mechanism that would prompt them to conserve natural resources on the one hand and pollute the environment as little as possible on the other. With state ownership and an absence of competition, effective production is not possible. And so unless there are economic reforms, there can be no ecological reforms.

The proposals of our ministry, which I have described in brief, have met and continue to meet with opposition. At first, this opposition was silent, but when we actually succeeded in carrying out some of our proposals, we began to see open attacks. This means that we have interfered in the sphere of the corporate interests of people who find chaos very convenient.

Decree on Crimean Control Commission

*954K0367A Simferopol KRYMSKIYE IZVESTIYA
in Russian 16 Nov 94 p 1*

["Decree of the Government of Crimea: On the Control Commission of the Government of Crimea"]

[FBIS Translated Text] The Government of Crimea

decrees:

1. With the aim of augmenting the level of control over implementation of decisions adopted by the government, and of involving the citizens of Crimea in control over the process of privatization in the Republic of Crimea, to establish the Control Commission of the Government of Crimea and confirm its composition (Appendix No. 1).
2. To confirm the statute "On the Control Commission of the Government of Crimea (Appendix No. 2).
3. To appoint as chairman of the Control Commission of the Government of Crimea **Vladimir Ilich Shevye**—deputy chairman of the Crimean Supreme Council for Monitoring the Use of State Property.

[Signed] Prime Minister of the Government of Crimea

A. FRANCHUK

Crimean Control Commission Membership List

*954K0367B Simferopol KRYMSKIYE IZVESTIYA
in Russian 16 Nov 94 p 1*

["Appendix to Decree of the Government of Crimea No. 177, 22 October 1994: Composition of the Control Commission of the Government of Crimea"]

[FBIS Translated Text]

1. **Vladimir Ilich SHEVYEV**—chairman of the Control Commission, deputy of the Crimean Supreme Council, member of the Party of Economic Rebirth of Crimea.
2. **Lyudmila Ivanovna ARSENTYEVA**—deputy minister of finance of Crimea.
3. **Viktor Petrovich BELYY**—chairman of the kolkhoz Rodina, Simferopolskiy Rayon.
4. **Raisa Alekseyevna VARLAMOVA**—deputy of the Crimean Supreme Council, member of the Republican Party of Crimea, city of Sevastopol.
5. **Azad Artemovich GRIGORYAN**—pensioner, participant in the Great Patriotic War.
6. **Anatoliy Pavlovich GRITSENKO**—deputy of the Crimean Supreme Council, ispolkom [executive committee] chairman of the Chistopol Rural Council.
7. **Samvel Agaronovich GABRIYELIAN**—general director of the enterprise Sambrok, city of Feodosiya.
8. **Nikolay Yaroslavovich DENISEVICH**—deputy administrator of the republic bank.
9. **Pavel Fedorovich KAZARIN**—pensioner, participant in the Great Patriotic War.
10. **Vladimir Antonovich KAPITONOV**—chief of the State Tax inspectorate of the Republic of Crimea.
11. **Reshat Asanovich KENZHE**—deputy of the Crimean Supreme Council.

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12. **Ivan Grigoryevich KODRESKU**—deputy of the Simferopol City Council.
13. **Petr Pavlovich KOMARCHUK**—deputy chairman of the Federation of Independent Trade Unions.
14. **Igor Aleksandrovich KROT**—member of the Republican Party of Crimea.
15. **Larisa Fedorovna KOPAYENKO**—journalist with the radio and television company "Crimea."
16. **Vadim Vladimirovich KUDRYASHOV**—deputy of the Crimean Supreme Council, member of the People's Party of Crimea, member of the party Union in Support of the Crimean Republic.
17. **Nikolay Vasilyevich KOSUKHIN**—chairman of the Crimean association Remembrance of Chernobyl.
18. **Konstantin Petrovich LUKYANENKO**—deputy general director of the association Sizakor.
19. **Pavel Andreyevich MAKSIMOV**—chairman of the republic Council of War and Labor Veterans.
20. **Vladimir Ilich MAKSIMOV**—deputy of the Crimean Supreme Council, member of the Russian Party of Crimea, city of Yalta.
21. **Mikhail Mikhaylovich MELNIKOV**—rector of the Crimean Agricultural Institute.
22. **Khalil MUSTAFAYEV**—deputy of the Crimean Supreme Council.
23. **Anatoly Grigoryevich NOVIKOV**—artistic director, main producer at the Academic Drama Theater imeni Gorkiy.
24. **Artur Tikhonovich POTEYEV**—head of the Department of Economics, Simferopol State University.
25. **Vasily Ivanovich OLEJNIK**—deputy director of the Control and Auditing Directorate of the Crimean Republic.
26. **Yakov Aleksandrovich REZNIKOV**—chairman of the republic trade union "Unity."
27. **Yuriy Ivanovich SAKHAROV**—deputy chairman of the Central Electoral Commission, member of the Communist Party.
28. **Yefim Zisyevich FIKS**—veteran of the Armed Forces, member of the Party for Social Guarantees.
29. **Oleg Vladimirovich SHAKHNYUK**—correspondent for KRYMSKAYA PRAVDA.

Statute on Crimean Control Commission

954K0367C Simferopol KRYMSKIYE IZVESTIYA
in Russian 16 Nov 94 p 1

["Statute on the Control Commission of the Government of Crimea"]

[FBIS Translated Text] 1. GENERAL PROVISIONS

- 1.1. The Control Commission of the Government of Crimea combines state control with public control of the working people at enterprises, kolkhozes, institutions, and organizations.

The activity of the Control Commission is carried out based on the Constitution of the Republic of Crimea, laws in effect in the republic, and decrees of the Crimean Supreme Council and Government of Crimea.

The Control Commission may include representatives of state organs, political parties, and social organizations, laborers, peasants, office workers, people in the field of science and culture, employees in the mass media, war and labor veterans.

- 1.2. The Control Commission of the Government of Crimea is called upon to conduct systematic checks of the implementation of decisions of the Crimean Government and laws in effect in the territory of the Crimean Republic, and to act decisively against anything that is detrimental to the interests of the republic.

Within the limits of its competence, the Control Commission carries out activity along the following lines:

- monitors the implementation of state programs for economic and social development;
- exposes violations of state discipline, cases of mismanagement and waste, red-tape and bureaucratic procedures, any and all attempts to defraud the state;
- facilitates improvements in operation of the state apparatus;
- monitors observance by responsible officials of laws in effect in the Republic of Crimea, while examining the proposals, statements, and complaints of citizens;
- monitors the process of privatization in the Republic of Crimea, protecting the interests of the Crimean people in this regard;
- informs the prime minister of the Crimean Government on a regular basis concerning the activity of the organs of state power of Crimea, organs of executive power of the local councils,

and their officials responsible for implementation of the Republic of Crimea Constitution and decrees and directives of the Crimean Government.

- 1.3. The Control Commission operates on the collective principle, manifesting itself in the involvement of citizens of Crimea in the control process and in collegial discussion of the results of inspections and regular reports on commission activity to the Crimean Government.

2. PROCEDURE FOR FORMATION OF THE CONTROL COMMISSION

- 2.1. The Control Commission is established by the Government of Crimea.

- 2.2. The chairman of the Control Commission is appointed by the Government of Crimea.

- 2.3. In accordance with the responsibilities entrusted to them, members of the Control Commission have the following rights:

- to familiarize themselves with documents and materials and obtain necessary information from ministries, state committees, departments, enterprises of all forms of ownership, kolkhozes, institutions, and organizations undergoing inspection;

- to request necessary documents and materials from directors and other responsible officials in connection with inspections, require written explanations when violations are uncovered, hear their reports on inspection results;

- to issue mandatory directives to the appropriate organs or responsible officials, when necessary, on the conduct of audits of financial and economic activity, as well as the conduct of production-technical expert review;

- to invite representatives of law enforcement organs and special control organs to participate in inspections in accordance with established procedure, and to request information from these organs on the incomes of responsible officials undergoing inspection;

- the Control Commission sends materials concerning embezzlement, misappropriation, abuse, and other actions that involve criminal liability on the part of responsible officials uncovered in inspections to the organs of the Procuracy.

- 2.4. The heads of ministries, state committees, departments, institutions, organizations, and enterprises of all forms of ownership are

obliged to eliminate deficiencies and violations uncovered and to inform the Control Commission as to the results within the prescribed time frame. Instructions of the Control Commission must be reviewed within 10 days.

- 2.5. Opposition shown members of the Control Commission, or individuals tasked by it to conduct inspections, in the execution of their responsibilities, or hindering them in the conduct of their control functions will result in charges being filed against the guilty individuals in accordance with Ukraine legislation currently in effect.

- 2.6. Upon recommendation of the chairman of the Control Commission, the Government of Crimea provides incentives to members of the Control Commission and other individuals participating in inspections, utilizing existing moral and material incentive measures in this regard.

- 2.7. The Control Commission of the Government of Crimea maintains representations in all cities and rayons of the Republic of Crimea, and has assistance groups at enterprises, institutions, organizations, kolkhozes, and sovkhozes.

- 2.8. The heads of representations are recommended by the chairman of the Control Commission of the Government of Crimea for confirmation by the Government of Crimea.

The Statute on Representations of the Control Commission is confirmed by the prime minister of the Government of Crimea.

Official on Battle Against Organized Crime

954K0343A Donetsk AKTSENT in Russian
5 Nov 94 pp 1-2

[Interview with Lieutenant General S.D. Gavrilenko, chief of the Internal Affairs Directorate of Donetsk Oblast, by E. Zeldina; place and date not given: "Our Hopes Lie in Our People in Uniform"]

[FBIS Translated Text] Every day the newspapers publish reports on crime journal entries filled with the words "killed," "raped," "robbed." The blood-curdling words reflect only one facet of our current, sad, everyday life—the hardened criminal atmosphere in our society. But there is another side to the coin: Our militia moves to the scene of the crime all the same. And the reports of all this crime, all the information on murders, rapes, and assaults—we obtain from them. No matter what anyone might say, the only protection we have is our militia. And so, all the incessant conversation, like clouds in the sky—"Where is the militia?"—is inappropriate, fellow citizens. They are there—where all these terrible crimes are being committed. And the militia has exactly the

same number of problems as there are crimes being committed on this Earth. So this is what we touch upon today—certain aspects of the work of the militia, in a conversation with Lieutenant General S.D. Gavrilenko, chief of the Internal Affairs Directorate of Donetsk Oblast.

[Zeldina] Stanislav Dmitriyevich, in a recent interview for the newspaper NEZAVISIMOST, Minister of Internal Affairs Vladimir Radchenko stated that due to the poor legal base in Ukraine, the work of the militia, no matter how heroic it might be, is simply going down the drain. In his view, the legislation that is supposed to protect the victim and defend the interests of investigations justifiably fall preys to all criticism. While criminals, with a lot of money and the ability to hire the best lawyers, escape responsibility.

[Gavrilenko] Yes, that is so. Indeed, we encounter imperfections in the law every step of the way. First of all, some 25 articles of Ukraine's criminal legislation must be converted to statutory charges. Here we are talking about petty theft, minor misappropriation of state property, hooligan behavior after which people become reconciled, everyday disputes between neighbors or family quarrels—things of this nature. Criminal cases like this account for up to 30 percent of our load. They pull us away from serious work.

[Zeldina] I heard, Stanislav Dmitriyevich, that you have proposed corrections to the legislation...

[Gavrilenko] We have indeed—and not we alone, but other oblast directorates as well of the Ukrainian Ministry of Internal Affairs. We proposed that our MVD perfect this and that in our legislation, and the MVD took the proposal to the Supreme Council. It has now been almost decided that many articles will be decriminalized, i.e., converted to statutory charges.

[Zeldina] I cannot help but ask you, Stanislav Dmitriyevich, a question that has already become traditional—the question of organized crime. Especially since so much is being said and written about this today. A great variety of written things...

[Gavrilenko] We get accused of beginning some "sensational" case and then failing to take it to its logical conclusion. We are suspected of slovenliness. We are guided by two laws—on operational investigations activity and on organized crime. These afford us some kind of rights. But let us take some large group—the Dolidzes, for example, in Debaltsevo. Thirty-seven people. We know that the group is engaged in blackmail, we have the information, but we are only able to prove it with respect to two or three people, because the operational materials we have do not constitute evidence in court. If our law had a concept providing an interpretation of what constitutes a criminal group, we would not have these problems. Can you imagine a civilized society in which you encounter 27 armed individuals in an office—and you cannot prove it is a criminal group? This

is what we are up against. We can bring charges only against those who were in direct possession of weapons. We have just now presented a set of documents to the MVD where the issue is how to precisely determine what constitutes organized crime, the mafia, a criminal group. The concept of a criminal mafia does not exist in laws of the Criminal Code. We are using concepts borrowed from Italian and Colombian judicial practice. This concept consists of four aspects: possession of weapons, clearly defined structure, general cash fund, and links with the organs of authority and government. But I must repeat that this definition does not carry any legal force with us. It is more a journalistic definition, albeit derived on the basis of world justice. But it does not appear in our laws. So for us this is an unresolvable problem.

[Zeldina] What about contract murders? What is the situation here in this regard?

[Gavrilenko] As of today we have 14 contract murders, 12 of which have not been solved. Here we see the same problem—there is no definition of the crime. We know what a "killer" is, but once again, this is not a legal category. Who contracted the murder, how to define this in legal terms, what the role of the "client" is—none of this appears in the Criminal Code. Threat of murder exists in the code—Article 100. But murder by contract is not defined. After all, when you want to kill someone it is not absolutely necessary to utter the words "Go kill him." Significantly more subtle hints may be used to requisition a murder. So it becomes impossible to bring criminal charges against the individual who actually ordered the killing.

[Zeldina] That is absurd!

[Gavrilenko] Let us say we have a case involving an organized criminal group—the Feyganov brothers, for example, in Leninskiy Rayon, Donetsk. Militia personnel have confiscated from them two automatic weapons, nine grenades, three pistols, a night-vision device for weapons firing, and radio equipment. This group is trying to take control of Leninskiy, Kuybyshevskiy, and Kirovskiy Rayons. But we cannot file criminal charges based on this—there is no applicable article in the Criminal Code. We apprehend them based on the possession and bearing of firearms, and extortion. As far as the Dolidze formation is concerned, we cannot file charges. We are only able to disrupt them. But is this not a positive effort on the part of the militia? Yet the newspapers, not aware of all the nuances, take us to task. Or consider a second group of blackmailers, the group headed by Mikhail Lyashko, who has the nickname "Crooked." They extorted one commercial structure to the tune of \$37,500. "Crooked" had six accomplices, people who were active in Kuybyshevskiy Rayon, Donetsk. For a long time we were unable to nab them as well—there was not enough evidence! It seems to me the procuracy is too wary in not sanctioning an arrest when the circumstances demand it. Incidentally, the presidential edict of 21 July on urgent measures in the fight

against crime has assisted us greatly. Preventive detention enables us to operate better in collecting evidence within 30 days.

[Zeldina] You mentioned the mass media, Stanislav Dmitriyevich. You said they "take you to task"...

[Gavrilenko] Yes. We have always had a mutual understanding with the mass media. I always welcome objective criticism. We do not take offense at this. But when the newspaper publications use generalities to structure a "biting" analysis... That is another matter. I do not understand the attitude of certain newspapers towards the militia—I am referring to GOROD and VZGLYAD. Let the attacks waged against the militia rest on the consciences of those who compiled the material. But I think it is not really a question of the authorship. Someone is doing some social requisitioning, in my view. You will be convinced that the militia is doing its job if you pick up any newspaper. Except these two. Certain of the mass media want to exacerbate the situation. And they are doing this for no reason at all. I do not want to burden our conversation with figures. I think it would be better to give you a report on the state of affairs with respect to crime in the oblast. Objectively speaking, the situation in our oblast, like in Ukraine, is a complicated one. Increased prices, deteriorated standard of living, reduced labor discipline—all of this is directly proportional to the state of crime in the oblast. There exists an interesting natural law: If the unemployment rate in the region goes up 1 percent, the crime rate goes up 5 percent. But even in this complicated situation we are striving to maintain a stable environment. And so, the unbridled frenzy of certain newspapers is entirely inappropriate.

[Zeldina] Judging from materials that have appeared in the Ukrainian press and over radio and television, President Kuchma's discussion of the state of crime in Ukraine at the July conference in Kiev did not mention Donetsk Oblast in a negative way...

[Gavrilenko] I did not attend that conference. But it is true we were not berated. So we must be on the right course. Although the militia has so many problems...

[Zeldina] As is the case everywhere in demolished, ravaged Ukraine... But when disaster strikes, there is all the same no one like the militia to rely on. Thank you for your comments, Stanislav Dmitriyevich.

[begin box] As of today, 48,600 crimes have been reported in the oblast. Some 39,700 of these are subject to criminal investigation, including 20,300 felonies.

Whereas over the first 10 months of last year we saw a 20.2 percent increase in crime, and 20.3 percent increase in those subject to criminal investigation, this year these indices increased by just 4.1 and 3.1 percent, respectively. In other words, we are observing a reduction in the rate of growth of crime.

The number of cases of assault this year decreased by 10, or 7 percent (133), aggravated robbery—by 59, or 10.5 percent (504), robbery—by 57, or 2.8 percent (1,989),

store theft—by 316, or 14.8 percent (1,821), apartment theft—by 203, or 2.7 percent (7,385), carjacking—by 25, or 5.8 percent (406), road and highway incidents resulting in death—by 14, or 4.5 percent (300).

In addition, whereas over the first 10 months of 1993 there was an 20.9 percent increase in cases of premeditated murder over the same period of 1992, only a 2.6 percent increase was seen in the first 10 months of 1994. These indices with respect to theft of state property were 27.3 percent and 0.2 percent, respectively; theft of personal property—17.2 percent and 1.6 percent; vehicle theft—17.2 percent and 0.6 percent.

A decline was seen in the rate of growth of crime among juveniles (from 24.4 percent last year to 3.3 percent this year), repeat offenders (from 20.3 percent to 4.9 percent), inebriated individuals (from 13.8 percent to 6.5 percent), and the unemployed or out of school (from 54.7 percent to 13.3 percent). Incidence of crime committed last year by groups of individuals was 24.4 percent greater than the prior year, while the incidence this year was only 3.3 percent greater than last.

Better results were seen in militia efforts to forestall or prevent criminal activity. Some 10.6 percent more cases were instituted for hooliganism, 27.2 percent more—for threat to commit murder, 15.5 percent more—for illegal possession of a weapon, 4.0 percent more—for drug addiction, and 46.3 percent more—for blackmail.

In the economic sphere, over 4,000 crimes were brought to light (plus 4.4 percent), 1,079 cases of embezzlement (plus 10.0 percent), including 332 in large and especially large amounts (plus 43.1 percent), 1,275 incidents of consumer fraud (plus 14.0 percent), 573 cases of illegal trading activity (up by a factor of three), and 275 incidents of illegal transactions involving foreign currency (up by a factor of 2.2).

Headquarters of the Ministry of Internal Affairs Directorate of Ukraine in Donetsk Oblast. [end box]

Trends in State of Press Portrayed

954K0295A Kiev HOLOS UKRAYINY in Ukrainian
2 Nov 94 p 8

[Article by Valeriy Bebyk, candidate of psychological sciences and chief consultant to the Press Service of the president of Ukraine: "The Ukrainian Mass Media as a Mirror of Our Social Consciousness (An Attempt at a Political-Psychological Analysis)"]

[FBIS Translated Text] No assessment of the nature and level of a society's political development is complete without an analysis of its information space. To a great extent, this sphere is defined by the state of the print media.

Economic hardships and a sharp drop in the living standard have significantly reduced the purchasing power of the citizens of Ukraine in the national-information mass media market.

In the period under analysis, total subscriptions to newspapers and magazines in Ukraine have decreased on the average by one half every six months: from 63.5 million copies on 1 January 1992 to 8.44 million copies on 1 September 1994.

As a result, the number of periodical publications bought by subscription per 1,000 residents of Ukraine fell from 1,226 copies of newspapers and magazines in 1993 to 163 copies in 1994.

Today, only one in three to four average statistical families can afford to subscribe to even one newspaper.

A general political analysis of the dynamics of mass media circulation reveals that there has been a fundamental change in social consciousness in Ukraine since the proclamation of independence: There has been a shift from an unconditional orientation towards Moscow periodicals to a predominant orientation towards Ukrainian newspapers and magazines.

In two years of independence, the share of central national publications increased from 22.6% to 32.8%, and of regional and local publications, from 35.8% to 62.0%. During this same period, the number of Russian (essentially Moscow) newspapers fell from 41.6% to 5.2% of the total press read in Ukraine.

In studying these trends from the standpoint of building up Ukrainian statehood, it should be noted that the information sphere of our society was not left unaffected by the processes of decentralization of power and of the economy (which began while the Union still existed). Compared with the first year of Ukraine's independence, when Moscow (formerly Union) and Kiev (formerly republic) periodicals together commanded 64.2% of the reading public, the situation in 1994 reflects a diametric change: The controlling interest of the "fourth estate" has passed to the regional and local (oblast, city, and rayon) mass media. If these trends continue, they may have a negative effect not only on the processes of fostering a state-building mentality in the citizens of Ukraine, but also on the very existence of Ukraine as a sovereign state. Because it is up to the central Kiev periodicals to objectively foster this mentality in Ukrainian society by taking into account primarily national interests when reporting events.

At present, the reality is that national editions cover less than one third of Ukraine's newspaper market.

The rest of the populace reads local newspapers and objectively receives information that has been passed through the filter of regional interests. The latter, as we know, range from fervent and unconditional support for Ukrainian statehood in the west of Ukraine all the way to rejection of Ukrainian independence in Crimea.

Undoubtedly, the median geopolitical vector of social consciousness lies somewhere in between (which, as a matter of fact, the recent presidential elections demonstrated).

An analysis of the cross-section of subscribers by individual oblasts of Ukraine shows that the number of subscriptions to

national Ukrainian publications is lowest in the eastern and southern parts of Ukraine, where centrifugal trends are most marked. In these oblasts, the number of central editions relative to the total number of subscriptions is much lower than the average for Ukraine as a whole (32.7%): Dnipropetrovsk Oblast—14.6%, Donetsk Oblast—17.5%, Zaporizhzhya Oblast—26.4%, the Crimean Autonomy [as published]—22.1%, Mykolayiv Oblast—22.4%, Sumy Oblast—13.8%, Kharkiv Oblast—18.7%, the city of Sevastopol—27.8%.

Obviously, if the state is interested (and this is important for the state) in fostering a state-building mentality in citizens who reside in the regions named above, it must provide some support for national Ukrainian periodicals in these oblasts (the mechanism for providing support is not that difficult to set up).

Who the founders are of the print media is an extremely important question for a society in transition.

Objective data show that a gradual destatization of Ukraine's newspapers and magazines is taking place. Thus, the number of national newspapers whose founders are state institutions (parliament, the government, ministries, departments, local administrations, etc.) has decreased from 11.0% in 1992 to 3.8% in 1994.

The leaders are commercial structures and private individuals, who respectively control 29.8% and 14.6% of national Ukrainian periodicals. Public political organizations and movements as well as political parties lag far behind; they are the founders of 7.3% and 2.3% of the newspapers that are registered as national publications, respectively.

A similar trend is evident among the founders of Ukraine's central magazines, where the undeniable leaders are commercial structures (20.7%) and private individuals (9.9%).

In fact, there are very few independent newspapers and magazines whose founders are labor collectives, editorial boards, and journalists' and writers' unions. Only 7.3% of all newspapers and 4.0% of all magazines belong to this category.

The situation in the regional and local print media market is quite different.

As founders, local authorities control 30.7% of all local publications. Add to this that 9.6% of the founders are state associations, enterprises, and collective farms, 4.1% are trade unions, and 8% are newspapers that are printed in state-owned print shops, and the following picture emerges: The regional ruling elite has a controlling interest, 52.3%, in the local mass media. However, the role of commercial structures is also growing; they now control 21.4% of the local newspapers directly, while 8.5% are owned by private individuals.

This factor is certain to be decisive in the next election and will result in a direct conflict of interests between the ruling elite and the representatives of business.

On the whole, the national newspaper and magazine market stabilized to some degree during the period from 1992 to 1994. While on 1 January 1992 there were 851 national Ukrainian periodicals registered by the State Press Committee of Ukraine, on 1 September 1994 there were 892 such periodicals, or 4.9% more. Although the number of periodicals did not change a great deal, the ratio between newspapers and magazines did change quite substantially.

The number of newspapers fell from 453 to 369, while the number of magazines and magazine-type publications increased from 398 to 523. Thus, while in 1992 newspapers accounted for 53.2% of all print media, in 1994 their share dropped to 41.4%.

The local mass media market is developing in its own specific fashion, although some trends are analogous to those in the national mass media market.

For example, the total number of local media in the period under analysis fell from 2,495 to 2,015.

But the internal proportions within the provincial media are analogous to those in the national Ukrainian print media market.

The number of newspapers fell from 2,360 to 1,848, while the number of magazines and magazine-type publications increased from 135 to 167. However, as before, newspapers continue to predominate in the provincial print media and now account for 91.7% of the total provincial mass media market.

One of the most controversial issues in the political life of postcommunist Ukraine is the question of granting (or not granting) the Russian language official status and so-called "forced Ukrainianization."

Undoubtedly, an analysis of the percentages of newspapers published in the different languages will serve as one of the more objective indicators in this matter.

Thus, in the period since the proclamation of Ukrainian independence there has been a distinct trend towards the de-Ukrainianization of Ukraine's national press.

In comparison with 1992, the number of newspapers published in the Ukrainian language has dropped from 59.8% to 27.4%, and the number of Russian-language periodicals has risen from 5.7% to 12.7% (the rest of the newspapers are either bilingual publications or appear in the languages of the other ethnic groups that make up the Ukrainian people).

An analogous trend is evident in the local mass media: The share of Ukrainian-language publications has decreased from 55.7% to 46.8%, while that of Russian-language publications has remained at approximately the same level—dropping from 30.3% to 28.9%.

Thus, the claim being made by political forces hostile to the Ukrainian state that the rights of the Russian language and Russians in Ukraine are being infringed upon is completely unfounded, and the attitude of those state institutions whose job it is to carry out the law of Ukraine on languages is irresponsible, at best.

In conclusion, in offering readers a rating of the most influential newspapers in Ukraine (see table), we would like to note that during this period of transition from totalitarianism to democracy and of the establishment of Ukrainian statehood, support for the national press is a prerequisite for fostering a state-building mentality and for the information security of the state as such. Without such support, the prospects of state-building in Ukraine will be doubtful.

Thus, the time is ripe for developing a national program of state support for the press as an integral part of the effort to strengthen the state and build it up on legal and democratic principles.

**Rating of the Most Influential Newspapers in Ukraine
(circulation based on subscriptions) as of 1 September
1994**

	thousands of copies
1. HOLOS UKRAYINY	380.1
2. SILSKI VISTI	254.6
3. URYADOVYY KURYER	182.7
4. ARGUMENTY I FAKTY (Russia)	130.6
5. TRUD (Russia)	107.6
6. TRUD SUBBOTNIY (Russia)	96.1
7. PRAVDA UKRAYINY	68.0
8. IZVESTIYA (Russia)	64.1
9. KIYEVSKIYE VEDOMOSTI	64.0
10. ROBITNYCHA HAZETA	62.1
11. OSVITA	55.3
12. MOLOD UKRAYINY	49.2
13. UKRAYINA MOLODA	43.0
14. KYIVSKI VIDOMOSTI (digest)	41.4
15. NEZAVISIMOST	36.1
16. TOVARYSH	21.6
17. LITERATURNIA UKRAYINA	19.7
18. KULTURA I ZHYTTYA	18.5
19. VECHIRNIY KYIV	17.8
20. NARODNA HAZETA	14.5
21. DEMOKRATYCHNA UKRAYINA	14.4
22. KOMUNIST	13.1
23. PROFSPILKOVA HAZETA	12.3
24. KYIVSKYY VISNYK	8.9
25. VSEUKRAINSKIYE VEDOMOSTI	5.6

Struggle for Influence Reflected in Votes

954K0292A Lvov POST-POSTUP in Ukrainian
No 38, 27 Oct 94-3 Nov 94 pp A1-2

[Article by Oleh Shmid: "The President Has Made the Supreme Council Dissolute. Dissoluteness Has Been Brought to the Parliament by the President's Advisers"]

[FBIS Translated Text] In that fateful week in October the Ukrainian Supreme Council discovered symptoms of a profound moral depravity—the desire to give itself right and left. At first, the Supreme Council, which has been cherished and nurtured by the people, gave itself to the left, and the Communist Party of the Soviet Union which had been banned for a long time here came out of the catacombs and immediately revealed its best people to be in the ranks of the majority of deputies in the parliament. Subsequently, the Supreme Council which has been reared and clothed by the Ukrainian people gave itself to the right, to the report of the president on the avenues for a radical economic reform. It now appears that the almost legalized Communist Party has a program which a majority of the Supreme Council has voted for (ultimately the fate of the Communist Party will be decided by the commission on rules and regulations in which Communists account for one-half of the members). The Communist Party, which is represented by the parliamentary majority of that same Supreme Council, will now translate this program into life—your life and mine.

Such phantasmagoria would be impossible if it were not for certain features of the left part of the Ukrainian political spectrum which is represented in the parliament by the groups the Communists, the Socialist Faction, and the Agrarians. These features resulting from the nature of communism in Ukraine have to do with the fact that for a segment of Communists and Socialists it is not at all important what environment—capitalist or socialist—they exist in. The main point for them is to exist on the same premises and with the same financial provisions that existed prior to 24 August 1991. If the parliament is a micromodel of Ukrainian society then Communists of this type account for approximately one-third in Ukraine because precisely one-third of the Communist parliamentary group voted in favor of the avenues for a radical economic reform outlined in the Supreme Council by Leonid Kuchma (the results of voting by parliamentary groups are given on page A2 based on a study prepared by the secretariat of the Reforms group).

However, one-third of the Communist faction ran the great risk of straining its relationship with its ideological kin. It would be naive to attribute their sacrifice to the fact that some Communists are aware of the need for

market-oriented reforms. The approval of the president's report by 29 Communists was the price of a compromise between the leftist bloc in the parliament and some members of the president's team. The comeback of the Communist Party on the eve of voting to support the report of the president would have been impossible had one-half of the members of the most pro-presidential factions, Unity and the Interregional Deputies Group, failed to vote for lifting the ban on the Communist Party of the Soviet Union. Support for Communists in our society became the price for supporting the president in the parliament.

The president's advisers had been "working" on the pro-presidential factions for two days. The result was shocking for those who are not used to compromises at the price of betraying one's conscience: Fifteen members of the Interregional Deputies Group out of 33 and 13 deputies from the Unity group (it numbers 34 people) voted to lift the ban on the Communist Party. However, these numbers testify not only to the quality of the deputy groups that are the most loyal to the president but also to the quality of the president's team.

The tactic of the president's team in relations with the Supreme Council bears the imprint of two trends that are clashing, just as are the people who stand behind them. The first trend is based on the thesis that a compromise with the Communist majority in the parliament is impossible, and therefore we must distance ourselves from the Supreme Council; the best thing would be to dissolve it. The second trend is characteristic of the president's aides who want to secure the strengthening of the president's power at the price of a compromise with the Supreme Council.

A petty struggle for influence on Leonid Kuchma has flared up in the presidential entourage. Head of the President's Administration Dmytro Tabachnyk and Chief of the Directorate for Domestic Policy Issues Petro Lelyk are the leading figures of these clashing groups on the president's team. Each of them has his own team, connections, and influence. The confrontation in the immediate entourage of the president has been underway for a few months now; it is rooted in settling personal scores. However, the leftist majority in the Supreme Council is used as a means to settle these scores. At present, it is hard to assess with confidence which of the two groups on the president's team has a greater influence on Leonid Kuchma and whose tactic in relations between the president and the Supreme Council prevailed last week, a week in which the interests of various political clans have fancifully intertwined. However, it is beyond a doubt that the president may become a hostage to an involved and complex game of the individuals close to him in which the fate of economic reforms in Ukraine is the stake.

Results of a Roll-Call Vote on Lifting the Ban on the Operation of the Communist Party and on Supporting the Report of the President on Avenues for a Radical Economic Reform

	Total	On lifting the ban on the Communist Party			On supporting the president's report		
		In favor	Against	Abstained	In favor	Against	Abstained
Communists	90	89	-	-	29	46	8
Socialists	30	27	-	-	18	4	3
Agrarians	52	42	2	2	36	5	-
Interregional Deputies Group	33	15	4	3	27	-	-
Unity	34	13	2	5	24	-	-
Center	37	9	10	6	24	-	-
People's Rukh of Ukraine	27	1	23	-	19	-	1
Statehood	28	-	26	-	18	-	-
Reforms	35	-	28	-	18	1	-

Note: The number of deputies who voted "in favor," "against," or "abstained" does not necessarily equal the number of members in a parliamentary group.

The table has been prepared by Yevhen Kostenko, deputy chief of the secretariat of the Reforms parliamentary group.

ECONOMIC AFFAIRS

Crimean Official on Price Increases

954K0368B Simferopol KRYMSKIYE IZVESTIYA
in Russian 16 Nov 94 p 1

[Interview with Lidiya Gey, chief of the Crimean Ministry of Economics price policy administration, by V. Titov; place and date not given: "New Prices—New Problems"]

[FBIS Translated Text] *A new sharp jump in prices and rates has caused a further deterioration in the already hard life of Crimean residents. Why did prices go up; how much do goods and services cost now—these questions are of interest to everyone today. We asked Lidiya Gey, chief of the Crimean Ministry of Economics price policy administration, to answer these questions.*

[Titov] What caused prices to rise?

[Gey] First and foremost, the government of Ukraine decree, which imposed higher prices beginning 1 October. To soften the "blow" for Crimean residents, we decided to put it into effect beginning 1 November, so that people would first receive their salaries, pensions, and other payments.

Energy prices went up almost fourfold, wages increased twofold. Procurement prices for raw materials went up. Naturally, not all enterprises could continue operating at the old prices, since they would become unprofitable.

[Titov] Who sets the prices?

[Gey] We only set prices for some categories of goods and services. Mainly, prices are set by enterprises. The rates for municipal services were set by the government of Ukraine decree. They increased several-fold.

[Titov] Could you tell us specifically what the rates are now?

[Gey] The old electric power consumption norm of 75 kw has been repealed, and now people will have to pay for each kw. The old preferences remain in effect for veterans and war veterans. Apartment rents now will amount to 630 karbovantsy per square meter. Fees for running water and sewage increased 5.5-fold, for heat and hot water—sevenfold, and central heating—also sevenfold. The cost of furnace fuel such as boiler oil increased 140-fold—to 21 million per tonne. One cubic meter of coniferous firewood costs 45,000, deciduous hard-wooded—60,000, and deciduous soft-wooded—41,300 karbovantsy.

[Titov] Will bread prices be raised?

[Gey] Certainly, otherwise the budget simply will not hold. Precise prices have not yet been set, but tentatively I can say that bread will cost 10,000-12,000, while in Ukrainian oblasts its price is as high as 18,000. However, before bread prices rise, we want to pay subsidies to low-income families.

Fares in all categories of public transportation will be set at 1,000 karbovantsy. Intercity rates also went up.

[Titov] In short, we can summarize: There are more problems. And the main among them is: Will we be able to survive?

Kiev City Jan-Sep Economic Statistics

954K0293A Kiev *VECHIRNIY KYIV* in Ukrainian
1 Nov 94 p 3

[Report by the Kiev City Statistical Administration under the rubric "The Business Channel": "Economic Statistics. Let us Compare What We Had and What We Have"]

[Text] Finally, the economy of our country is on the brink of market-oriented reforms. In order to take a step forward we must not care only about the future of our economy but also be able to critically analyze its past. This is why we are publishing statistical data on the socioeconomic situation in the city of Kiev in the last nine months of this year.

1. Industry

A drop in output of products was registered in city industry between January and September 1994 (compared to the corresponding period of last year, output fell by 33.1 percent). Production fell in all branches of industry. The decline was the greatest in light industry (44 percent), machine building (40.4 percent), and the chemical industry (39.8 percent). The volume of output fell at most enterprises of the city, including the Vulkan, Lakma, and Impuls Plants and others. A reduction in output of almost all types of products was registered. Thus, half as many instruments for machine building, automation devices, equipment for the processing of polymer materials, and press-forging machines were produced. The production of farm equipment was reduced by 28 percent, of technical equipment for the processing branches of the agro-industrial complex by 12.2 percent, and of excavators by 3.6 percent. A significant reduction in the volume of production at enterprises of the construction industry and wood processing industry also occurred.

In 1994 the production of consumer goods has been considerably trailing the level of last year. Thus, in the first nine months of this year only 13,290 billion karbovantsy worth of such goods were produced (36.6 percent less than in January through September of last year). Foodstuffs production fell even more (by 43.3 percent). A decline was also registered in the production of goods for cultural and household uses (considerably fewer radio sets, tape recorders, electric coffee grinders, etc. were produced).

Foodstuffs worth 4.129 billion karbovantsy were produced, which comes to just 72.4 percent of last year's level. For example, meat processing fell by 16,900 tonnes (46.3 percent); 2,800 tonnes (17.7 percent) less sausage products were manufactured. The production of margarine and confectioneries fell by almost one-third. Growth of production was registered only for certain types of products: fatty cheeses—by 49.6 percent, liquid dairy mixes—by 35.4 percent, and beer—by 32.1 percent.

2. Capital Construction

The state of affairs in capital construction remains unsatisfactory. There is a shortage of funds for erecting production facilities and those in the social sphere, the timely commissioning of facilities and capacity slated for start-up is not being ensured, and the cost of construction and assembly work and the volume of construction in progress are up. The latter has increased by almost 5.5 trillion karbovantsy since the beginning of the year, and exceeds the annual volume of capital investment by a factor of more than two.

The cost of construction and assembly work continues to grow rapidly. In the first half of this year it went up by a factor of 13.

The state of affairs in housing and sociocultural construction deteriorated. The commissioning of housing and preschool facilities for children fell considerably.

Residential buildings with a total floor space of 470,900 square meters were commissioned with funding from all sources. This is 158,100 square meters (25 percent) less than between January and September 1993. Housing with a total floor space of 61,100 square meters, or only 30.5 percent of the level of the first nine months of last year, was built with the funds of housing construction cooperatives.

Four preschool facilities for children with 940 slots, four general schools for 7,112 students, a maternity ward with 150 beds, and certain other facilities for social and cultural uses were commissioned.

Work worth 7.4 trillion karbovantsy (in actual contract prices) was performed with the resources of construction and assembly contractor organizations. This exceeds the estimated cost of such work by a factor of 117.

Work worth 153.5 billion karbovantsy, or only 63.5 percent of the yearly target, was performed at facilities associated with the post-accident cleanup at the Chernobyl Nuclear Power Station.

3. Transportation and Communications

The volume of freight carriage by motor vehicle transportation came to 12 million tonnes in the first nine months of this year, which was one-third less than during the corresponding period of last year. However, monthly carriage has stabilized at the level of 1.3-1.5 million tonnes, and no decline has been registered in the last five months.

Between January and September planes of Kiev Airport performed more than 5,000 flights (2,500 flights fewer than last year).

More than 3 million tonnes of freight and 168,000 passengers departed from the Kiev River Port, which comes to 71 and 59 percent of last year's volumes of carriage, respectively.

In July through September alone, the profits of communications enterprises from services to the population came to 294 billion karbovantsy, whereas in the entire first half of this year such proceeds came to 303 billion karbovantsy.

4. Prices

The stabilization of the situation registered on the foodstuffs market of the city of Kiev since the beginning of the year was reversed in September by changes in prices, which continuously crept up. The aggregate index of prices and rates for consumer goods and paid services was registered in September at a level of 10.7 percent compared to July. This increment in September was mostly due to changes in retail prices in the trade sector and on the collective-farm market, which increased by 6.9 percent in one month. During the same period, average prices and rates for paid services provided to the population increased by 3.7 percent.

The trend toward a faster growth of prices for nonfood items compared to prices for foodstuffs persisted during the first nine months of 1994. Since the beginning of the year, retail prices for foodstuffs increased by an average of 4.4 percent, those for nonfood items by 27.9 percent. The difference was due first to a certain decline in prices for such groups of goods as meat products, butter, eggs, and vodka products in March, April, May, June, and July, and second, to a seasonal fall in prices for fruits and vegetables, which influenced the level of the resulting indicator substantially.

Despite the quite extensive and adequate supply of goods on collective farm markets, prices for them during the first nine months of this year remained quite high and continued to rise. Since the beginning of the year they have increased by an average of almost one-third. In September alone, market prices for potatoes grew by a factor of two, the cost of one kilogram of honey increased by 64 percent, and the cost of 10 eggs went up by 30 percent (from 18,500 to 24,000 karbovantsy).

A comparison of retail prices in September of this year with the indicators of September 1993 points to their growth by a factor of eight on average. This is somewhat lower than the levels registered in the previous months of the year. The explanation is that September of last year marked the beginning of a period of considerable change in prices for consumer goods.

The registration of retail prices and prices on the collective farm market at 10-day intervals which has been conducted this year indicated that the greatest strains occurred in the last 10-day period in September.

During the first nine months the range of prices for the same goods in different rayons of the city was quite significant. Trade enterprises of Kiev did not change prices for flour, sugar, groats, and the group of vegetable products at the same time, thus causing additional movement of the population in search of inexpensive foodstuffs.

The registration of prices for the products of cooperatives and small enterprises indicated that increased by an average factor of 32 in the first nine months of 1994 compared to the first nine months of 1993. Prices for goods in consignment and commercial trade increased somewhat less, by a factor of almost 25, during this period. In the process, the difference in the levels of retail prices in state trade and commercial prices diminished.

The aggregate index of prices and rates for paid services provided to the population came to 3,069.1 percent in the first nine months of this year compared to the corresponding period of last year. This exceeded the index of prices for consumer goods (2,093.5 percent) by a factor of almost 1.5. The growth of the cost of services greatly reduced their volume. Since the acquisition of foodstuffs accounts for most of the expenditure of the bulk of the population, spending on consumer services was reduced to the necessary minimum. The reasons for a decline in volume were also found in forced furloughs as a result of the absence of orders and summer "vacations" of institutions of culture—theaters, circuses, and concert halls.

In the first nine months of 1994, prices for the services of cultural institutions grew by a factor of almost 101, prices for tourist and excursion services—by a factor of more than 48, and prices for the services of passenger transportation, health spas, and resorts—by a factor of 40.

Donbass Miners Prepare for Possible Strike

954K0364A Donetsk DONBASS in Russian 12 Nov 94 p 1

[DONBASS report: "Pre-Strike Posture Remains at the Mines"]

[FBIS Translated Text] An expanded session of the representatives of labor strike committees of coal associations in the region convened yesterday in Donetsk.

It was learned the day before that the president had signed an edict creating the Ministry of the Coal Industry of Ukraine. We already know the name of the coal minister. It is V. Poltavets, general director of the association Luganskugol. Session participants believe, however, that creation of the ministry—yet one more high-level apportionment organization—will not resolve the problems that have accumulated in the sector. Most of those speaking at the session mentioned the need to afford the mines real legal independence and to introduce free market prices for coal.

The Donetsk session elected a working group for conducting negotiations with the government. The main demands it will be taking to Kiev are to restore priority of miners' wages with respect to workers in other sectors and to repeal the resolution on establishment of the Ministry of the Coal Industry.

In the event these demands are not met, a general miners' strike will begin effective the first shift of 21 November.

Meanwhile, it was learned that Ukraine has rejected the prospect of exporting coal. For one reason—the drop in coal production. Let us pray we ourselves are not left without fuel in the winter...

Conflict Over Port Causes Monetary Losses

954K0368A Simferopol KRYMSKIYE IZVESTIYA
in Russian 16 Nov 94 p 1

[Article by KRYMSKIYE IZVESTIYA correspondent A. Lizunov: "...Meanwhile, the Port Incurs Losses"]

[FBIS Translated Text] *This is the fourth year since the Kerch commercial port was given international status—in April 1991 it was opened to foreign flag vessels. Without question, this was bound to affect the enterprise's economic situation, especially at the stage of fundamental changes and reforms, with the sharp drop in cargo traffic caused by the decline of industrial production in Commonwealth countries. Handling foreign vessels became the main source of revenue.*

Foreign currency income created real preconditions for continuous improvement of the material and technical base and the social sphere. The Finnish company Valmot was contracted to supply Kerch port with loaders to handle large-capacity containers. The same kind of equipment also came from the FRG, capable of lifting 1.5 to eight tonnes. Stable financial conditions allow the fleet, shore structure, and services to be kept in working order, and capital construction and reconstruction. The fourth block of an 125-apartment residential building with an improved floor plan is currently under construction. A serious overhaul of boiler rooms is permitting a reliable supply of heat to the residential area.

It would appear that nothing stands in the way of marine transportation sector. Let us not jump to conclusions, however. They also have quite a few problems. The latter are the result of instability in Ukraine and Crimea, of, so to say, unapportioned authority and ambitions corrupting the economy to the roots.

As is known, in keeping with President Yu. Meshkov's edict, the port was included in the list of facilities subject to privatization. However, the president of Ukraine's edict repealed this decision. The port received a letter

from O. Artemenko, first deputy minister of transportation of Ukraine, with the explanation: The transportation system is the property of Ukraine; it defines the neutral basis of its sovereignty and supports economic and social development.

Or another example characterizing no less graphically the war between the powers that be. In early October a government of Crimea directive set the rate for channel fees to be charged for passage of vessels through the Yenikal approach channel, which belongs to the port of Kerch. Quite justified rates, we should note. Because the channel is a canal dug up by dredgers and is serviced year round. The necessary depth is maintained, navigational environment provided, and finally, money is spent on maintaining a special service—the Kerch segment of the Black Sea-Azov Sea Route agency headquartered in Odessa.

The government directive was transmitted through international information channels to all who should be aware of the rates. The reaction was immediate. For instance, Posalskiy, acting chief of the Mariupol Port, sent a cable calling this decision illegal, since the government of the Republic of Crimea extends it to matters that are the competence of the government of Ukraine. His colleague from Berdyansk, Romanyuk, proposes to consider the channel's status at the interstate level. Naida, general director of the Association of Ukrainian Ports, believes that this problem should be resolved when a new statute on port fees is approved, the draft of which has been sitting in the Ukrainian Ministry of Transportation for eight months. The president of the Russian Ports Association, Terekhov, informed them that the association's conference reviewed the Crimean government decision and found that it encroaches on the economic interests of ship owners of the countries using the channel.

The association sent a memorandum on this subject to the Ukrainian Ministry of Transportation and the Inter-parliamentary Assembly of CIS States.

A merry-go-round. Meanwhile, the port is incurring multimillion losses in foreign currency. I. Petrov, chief of the Kerch commercial port, is convinced that the bureaucratic tug-of-war is happening mainly because property has not been divided between Ukraine and Crimea.

BELARUS

Parliament To Debate IZVESTIYA Objectivity

954F0304 Moscow IZVESTIYA in Russian 10 Nov 94 p 1

[Article by Aleksandr Starikov, IZVESTIYA, Minsk: "Belorussian Parliament Discusses IZVESTIYA Publication"]

[FBIS Translated Text] The session of Belorussia's Supreme Soviet, which resumed its work last Tuesday, included in the agenda the question of the establishment of a commission, which will be called upon to clarify the objectivity of some publications on the parliament and its leaders in mass information media. The article "Mafia Leaders Were Received at the Highest Level in Belorussia" published on 17 October in IZVESTIYA was the reason for this.

After this publication the editorial department received letters from some of its characters, in particular, from Amangeldy Badanov. However, his message consists only of a collection of spicy accusations directed against the author of this article. In conclusion Badanov demanded a retraction, at the same time, not even indicating that, in his opinion, the newspaper should repudiate [the article]. Valeriy Lapin, the Supreme Soviet press secretary, was not far behind Badanov. His verbose statement had approximately the same tone and was characterized by a complete absence of any arguments.

Nevertheless, Belorussian state mass information media are actively circulating Lapin's and Badanov's statements. In connection with this we want to draw our readers' attention to several factors.

During the 2 weeks that have passed since the day of publication not a single concrete fact cited in the article has been refuted. The accusations of misinformation and

a biased attitude are of a general nature and are not supported by anything at all. An exception is Lapin's statement that Grib is merely Badanov's acquaintance, not his friend, as indicated in the publication. This is refuted by the statement in this connection by the speaker himself, which is recorded on an audio cassette. Law-enforcement bodies—the KGB and the procuracy—completely refrained even from a formal refutation of the information presented in the article. There is no doubt that, if there were even the slightest grounds for this, they would have been forced to make appropriate statements.

The presidential team also maintains silence. By the way, the spark that set the forest on fire began with Aleksandr Lukashenko's interview. IZVESTIYA's own correspondent only conducted a journalistic investigation in order to clarify what was behind the words of the president, who spoke about Grib and Danilov in the harshest and most categorical terms possible. However, after the victory at elections Aleksandr Lukashenko does not show a desire to bring the matter to its logical conclusion. Involuntarily the thought occurs that the rumors in the parliament lobby about the fact that a secret nonaggression agreement was allegedly concluded between the president and the speaker have a basis.

After the appearance of the article in IZVESTIYA the situation progressed somewhat. Eduard Shirkovskiy, former chief of the Belorussian KGB, gave testimony to a procuracy investigator. According to available information, he reported several very interesting, new facts about the relationship between Grib and Badanov. Time will show whether they will become known to the public.

Of course, the establishment of a parliamentary commission is a useful thing, but it is difficult to say now what the final result will be. In the past the activity of such commissions did not have special success.

ARMENIA**Bank Chairman Anticipates Lower Inflation***954K0371A Yerevan RESPUBLIKA ARMENIYA
in Russian 16 Nov 94 p 1*

[Article based on materials from NOYAN TAPAN and SNARK: "Do Not Panic! IMF and Central Bank Promise an OK"]

[FBIS Translated Text] By the end of 1995 inflation in Armenia will amount to a total of 1 percent per month, Bagrat Asatryan, chairman of the republic's Central Bank, announced on 12 November. Speaking at a conference of enterprise directors, he noted that the economic program developed by the government, which he called "a political achievement," will make it possible to achieve such a result.

"This program will make it possible to establish the prerequisites for the implementation in Armenia of something like the Marshall Plan in Germany," the chief banker emphasized. He expressed confidence that in 1995 the Central Bank, thanks to payments from international organizations, will have real financial reserves. Starting next year not one measure will be envisaged in the budget that is not supported by financial resources," said Bagrat Asatryan. At the same time, he emphasized that in 1995 all economic entities will receive credits only on a competitive-auction basis. "There will no longer be any favorable credits," the chairman of the Central Bank warned.

On 13 November, speaking on Armenian television, Bagrat Asatryan, chairman of the Central Bank of the Republic of Armenia, said that the increase in prices for bread and electric power planned for 1 December will lead to a general increase in prices by approximately 45 percent. According to B. Asatryan, approximately a 50-point increase is possible in the dollar rate of exchange in the first days of December; however, starting in the middle of the month the exchange rate will drop again. Owing to the credit that will be received from the IMF, in the coming year the Central Bank of Armenia will have a bank reserve for the first time, which will give it the possibility of regulating the dram rate of exchange more easily. According to B. Asatryan, the Central Bank and the government have adopted a joint economic program according to which the dollar rate of exchange in December 1995 will amount to approximately 500 drams.

Premier Submits Economic Package to IMF*954K0371B Yerevan RESPUBLIKA ARMENIYA
in Russian 16 Nov 94 p 1*

[Article based on materials from NOYAN TAPAN and SNARK: "...And the Ministry of Finance Is Solidly With Them"]

[FBIS Translated Text] Prime Minister of Armenia Grant Bagratyan on 11 November sent a message to the

IMF leadership where he presented a program of economic reforms developed by the government. This was reported at a republic conference of enterprise directors.

According to Minister of Finance Levon Barkhudaryan, it is expected that as early as 16 December an IMF board of directors meeting will reach a final decision on granting Armenia credits in the range of \$23.7 million. The same amount will be allocated next year as well. The World Bank is also planning to allocate \$60 million.

"On the whole in 1995 we expect long-term and favorable credits in the sum of \$250-300 million from international financial organizations and individual country donors, which will make it possible to conduct structural changes and ensure favorable conditions for normal development and the implementation of privatization," Mr. Barkhudaryan said.

Concerning the increase in prices for bread and electricity that is planned for 1 December, the minister declared that this is an emergency measure, inasmuch as the state is not in a position to subsidize the production of bread anymore. "If we do not liberalize prices for bread, and in 1996 assistance from abroad stops coming, we simply will not be able to have the reserves to provide the population with bread," he emphasized.

The minister of finance reported that starting in the second half of the coming year the government will issue subsidies only for heating, payments for housing, and travel on electrified transport lines. At the same time, Barkhudaryan declared that the increase in prices for bread will be fully compensated for workers of budget institutions and some categories of citizens. An increase in wages is also expected.

Economic Aspect of Karabakh War Viewed*954K0285A Yerevan AZG in Armenian 4 Oct 94 p 4*

[Report by Vahram Aghajanyan: "The Economic Phenomenon of the Karabakh War"]

[FBIS Translated Excerpts] It is no secret that every war is, above all else, a contest between the economic means of the warring sides and that success on the battlefield goes to the state with the stronger economy. Until recently all Azeri leaders, from Kyamran Bagirov to Haydar Aliyev, wanted to turn the war into a prolonged and exhausting conflict of resources and reserves. With economic resources several times greater than that of the Nagorno Karabakh Republic [NKR], Azerbaijan also tried to take advantage of the financial wherewithal of its blood-brother, Turkey, and a number of international oil companies. It must be acknowledged that Aliyev utilized effectively the calm established on the battle fronts in October and November of last year and was able to regroup and reinforce the Azeri army in a short time. Under no Azeri leader did the Azeri armed forces demonstrate the level of desperate combat readiness that they did in December 1993 under Aliyev's leadership. Indeed, Azeri military units initially succeeded in

making some headway. However, despite massive military expenditures by Azerbaijan, it was clear by January of this year that military operations could not continue for long at that rate of loss and that inevitably a ceasefire had to be established on the battle fronts very soon.

[Passage omitted]

Following crushing counterblows by NKR forces in the winter and the spring, today Azerbaijan is unable to mobilize sufficient forces to resume its offensive. This has created a strange situation: The state that is economically weaker, though unable to win conclusively, has been able to force its incomparably stronger adversary to sit down for negotiations. What is the secret of Karabakh's economic phenomenon? Can this newest Armenian state continue to withstand such exhausting pressures in the future? We posed these questions to Boris Arushanyan, the first deputy chairman of the NKR State Defense Committee.

Mr. Arushanyan said: "Even before the intensification of the military operations we analyzed the attributes of the republic's economic development carefully and thoroughly. Then we drafted a program to cope with the war period more smoothly, in a more organized manner and without creating social disruptions. The war imposes special approaches on all domains of public life, in particular the economy. Like many other economists in Artsakh and regardless of the fact that all neighboring states have undertaken to change their economic systems, I believe that a transition to free market relations is fraught with danger under war conditions. That is because every war requires a centralization of not only political but also economic policies. Denationalization and privatization under these conditions may lead to the disintegration of national resources. Today everything must be made to serve military needs in a centrally coordinated manner. That is why we tried to utilize our resources optimally through centralization and redistribution. After the war ends, NKR will move toward privatization over a few years, but without eliminating other forms of ownership. For example, if the members of any collective farm do not wish to break away on their own and have their own plots of land, then they should be able to keep their collective farm. Every social group will have the opportunity to choose the form of ownership that is most advantageous to it."

[Passage omitted]

Mr. Arushanyan said: "The reconstruction of some large industrial enterprises in NKR marked the birth of the defense industry. Today they continue to repair and manufacture various new types of weapons. In addition, NKR has been utilizing the resources of the Azeri territories currently under its control. Also of great importance is the fact that in 1993, NKR was able to bring on line all of its production facilities, although only at 20 to 25 percent of their capacity. That same year, the republic acquired its own source of electrical power and built power transmission lines spending considerable sums. It was possible to accomplish these tasks in an

improbably short time thanks to the work of energy workers from NKR and the Armenian Republic.

"Extensive work was also done in the area of road-building which is of great strategic importance. In the past, NKR's internal roads passed through Azeri territories. Today NKR authorities are committed to building a new network of road communications. Many years and vast material resources are necessary to build a network of roads for the republic. Today NKR is building only those projects that are mandated by the battle of survival of its people."

The deputy chairman continued: "The Armenian Government has provided us with tremendous help, especially through the Armenia Pan-Armenian Fund which has allocated large sums for the realization of future projects. In summary, there are a number of resources, most of which come into NKR in the form of investments. The assistance of the Armenian diaspora is also very important—in my opinion that help is of cardinal importance. That aid must be organized in a more effective manner and utilized through the state."

The deputy chairman noted that there is no danger that the NKR economy will stagnate or be isolated because today NKR has close ties with the Armenian Republic through which many NKR enterprises are able to make contact with the outside world, sign appropriate contracts with enterprises from various countries, principally Russia, and export and import goods that are needed.

Despite what has been stated above, however, in purely economic terms Azerbaijan has a huge advantage over NKR. However, one of the peculiarities of the Karabakh war has been that political and economic superiority have not been the only determinants of success. There are moral and psychological factors which have often played a more decisive role than the surplus of tanks or artillery. In this sense Karabakh forces are substantially superior to the Azeri army which is waging a colonialist war. As events have demonstrated this advantage outweighs the deficit in armaments and manpower. If NKR can maintain the spirit of its forces and its internal political stability then, in Boris Arushanyan's opinion, it can not only withstand Azerbaijan's military pressures but also score notable successes. That is the secret of Karabakh's economic phenomenon, and, Mr. Arushanyan believes, it will certainly become the subject of detailed studies in the future.

Links Seen Between Azeri Oil, Regional Wars

954K0285B Yerevan LRAGIR in Armenian 28 Sep 94 p 3

[Article by Hayk Aramyan: "Turns Out Having Oil Is Not Such a Good Thing"]

[FBIS Translated Excerpt]

[Passage omitted]

As is known two basic routes are being considered for transporting Baku's oil out of Azerbaijan: Baku-Novorossiisk and Baku-Iran (Armenia)-Turkey-Black

Sea. Naturally, Russia insists on the first option while the West wants the second. It is around these two axes that developments are unfolding. Among other things those events are interethnic and civil wars actively fomented from outside. The two sides try to argue the unfeasibility of one or the other route on the basis of those wars, whose perpetuation is in the interests of the superpowers. That is why no steps are taken to end the various conflicts. "Separate" talks between the parties involved in these conflicts usually do not produce any results because whenever any progress is made new provocateurs or patriots appear on the scene. More on this later.

On the Baku-Novorossiisk route the Chechen civil war, which had been slowly smoldering till now, has suddenly flared up—as the West has pointed out. Given the importance of this "pretext" the situation in that area is unlikely to be settled soon, no matter how much Russia wishes. In a previous article we tried to examine the possible repercussions of the events in Chechnya on the situation in the Transcaucasus, particularly the Armenian-Azeri war. There we noted that Russia does not appear to be making any serious efforts to stabilize the situation there because of objective and subjective reasons. Being unable to counteract Western activities Moscow will try to make impossible the route preferred by the West for the shipping of Azeri oil. (One example of the West's links to Russia's internal developments is the statement by a senior Turkish official that Turkey is establishing close ties with Russia's autonomous regions and that it gives special importance to those ties. Also recall that Western arms have been uncovered in Azerbaijan, Chechnya and elsewhere.)

The route preferred by the West for the shipping of Azeri oil has two variants: Azerbaijan-Iran-Turkey and Azerbaijan-Armenia-Turkey. Turkey wins in both cases, but the second variant leaves Iran out of the game. Like Russia, Iran does not need the oil but wishes to have a determining role in the region. Both variants are, in principle, acceptable to the West. It is not coincidental that the CSCE has officially asked Iran to participate and to play a significant role in the process of settling the Karabakh conflict. In order to block the route preferred by the West, Russia may incite and abet two wars: The Karabakh-Azeri war and the Azeri-Talish war. The former has been going on for six years. The latter is "newer." Instability is necessary for the war, and it is not coincidental that Alikran Gumbatov, the "godfather" of the Talish-Mughan republic, has escaped from prison. With these wars the two possible routes of the oil pipeline can be engulfed in the flames of a new wave of violence. That is the expected influence of Moscow. (Let us note that another route for the oil, the Baku-Batumi option, is also blocked by a war and is not in the interests of the West.)

By this reasoning the prolongation of the Karabakh war is in the interests of Iran, but the "rebellion" of the Talish is not because Iran may be drawn into it, and that

is fraught with serious perils for Tehran. The prolongation of any of these wars is not in Turkey's interests, because that create an unstable belt along its not-so-stable eastern borders. However, Turkey has to act along the wishes of the West, particularly the United States. A senior U.S. official recently declared that Turkey's internal stability depends on the Karabakh war. Let us mention without comment that this declaration is a threat and an ultimatum to Ankara to force it to do the bidding of the United States obediently. After the signing of the oil agreement in Baku, Turkish State Minister Necmettin Cevheri stated that the best route to transport the oil is through Anatolia because tankers passing through the Dardanelles [as published] pose a peril to Istanbul's 12 million residents.

All these prove once again that the superpowers are not interested in the fate of small nations, which can be completely sacrificed for the sake of building a pipeline. Of course, our policy cannot be determined only with oil and pipelines, otherwise it would be meaningless to draft a strategy. One point, however, is encouraging: Virtually all political forces in Armenia realize that what is important is neither the possession of rich oil reserves nor the military presence of a third power (about whose consequences we have written repeatedly). Can a national consensus be achieved at least on this issue so that we can formulate our own game plan in this complex game of survival?

AZERBAIJAN

Official Explains Radio Station Shutdown

954K0366B Baku ZERKALO in Russian 12 Nov 94 p 5

[Interview with Baku's Deputy Commandant Yashar Aliyev, by A. Babakhanova; place and date not given: "Operation of ANS-SM Radio Station Restored at President's Order"]

[FBIS Translated Text]

[Babakhanova] Why were the NTRK [national radio and television company] ANS' broadcasts suspended?

[Aliyev] As is known, a very unpleasant incident took place between the two presidents—of ANS television and radio company and Aztele-radio. There are proper investigative organs whose job is to figure out who is right and who is wrong. However, the NTRK ANS decided to settle their personal relations via their radio station: They went on the air exhorting people to express their opinion of the events. Such actions are against the Azerbaijani law and the state of emergency provisions. It even violates the current rules of the ANS television and radio company, which the NTPK personnel have to abide by, and which prohibit expressing one's subjective opinion. That is why we decided to close this television and radio company.

[Babakhanova] If the radio station, as you said, violated the law, why was it later permitted to resume operation?

[Aliyev] Taking into account numerous requests from its listeners, we suspended our order after warning the radio station leadership that the air time must be used strictly in keeping with the ANS-SM rules.

[Babakhanova] You knew very well that closing the station would cause discontent, and not only on the part of "their listeners." So why was it necessary to ban the radio station from broadcasting—to only permit it resume operations later, which did not make you look your best?

[Aliyev] The point is that a state of emergency is in effect in the republic, and ANS-SM staff were constantly broadcasting their pleas for help both on radio and on television. People could have interpreted these exhortations differently: Some see helping as expressing their opinion, while others—in taking a stick and rushing "to help." We could not allow this to happen. So we closed the ANS television and radio company on absolutely legitimate grounds.

[Babakhanova] So you are saying that the reason for repealing the commandant's order were numerous appeals of "their listeners?"

[Aliyev] No, we were compelled to suspend our order after the directive from the republic president.

[Babakhanova] You said that there are "proper investigative organs" to figure out who is right and who is wrong. Have these organs opened a criminal case regarding the assault on Seyfulla Mustafayev?

[Aliyev] A criminal case has not been opened at this point. The materials on the incident were collected on the same day and handed over to the Sablilskiy Rayon procuracy, since the culprits were police officers—not bodyguards, as an ANS statement said.

Baku Residents Polled on Growing Crime

954K0366A Baku ZERKALO in Russian 12 Nov 94 p 5

[Review by N. Ramizoglu under the "Opinion" rubric: "Crime Is Beginning To Cause Fear: More Than Half of the Respondents Polled by Sociologists Would Like To Have Weapons To Defend Themselves Against Criminals"]

[FBIS Translated Text] *The Republic of Azerbaijan State Committee on Statistics [Goskomstat] conducted a poll of the Baku population. The purpose of the poll was to find out public opinion on the state of affairs with respect to crime in the country.*

As ZERKALO correspondent was told at the Goskomstat, the poll was conducted in Baku because, according to the latest data, this is where one in three crimes in the republic is committed. A total of 1,400 respondents were interviewed.

This is a rather sore topic in our republic—it turned out that 43 percent of the population closely follow this problem (only 7.2 percent of the respondents are not interested at all). People named television as the main source of information about crime (74 percent), followed by newspapers and magazines (48.6 percent), and, strangely enough, neighbors and acquaintances (33.2 percent).

People are interested in information. But they do not trust it very much. Only 14.4 percent completely trust the information coming from the Ministry of Internal Affairs. Even fewer trust the mass media—8.6 percent.

Most people do not feel safe anywhere. Actually, 62.7 of the respondents feel safe. But only at daytime and at home. As evening comes, however, the number of people who feel secure drops to 47.6 percent, and the feeling of fear among the population rises—in the evening 25.5 percent of the respondents worry even in their own apartments.

The situation is even worse when it comes to the streets—only 41.6 percent feel comfortable walking around in the daytime, and just as many are fearful. As evening comes, the situation gets even worse: Only 26.1 percent feel secure out in the street. Actually, this is not the worst: Only 20.3 percent feel secure in the evening on public transportation.

It turned out that 57 percent of the population would like to have personal weapons for self-defense, and only 26.5 percent said they did not need it. Interestingly, the groups with the highest percentage of those who would like to have personal weapons are managers (82 percent) and members of law enforcement (68.2 percent).

Do you consider working in the police a prestigious occupation?

Yes—24.3 percent

No—58.1 percent

No opinion—17.6 percent

This poll was conducted by the Goskomstat, so we cannot comment on its results. Nevertheless, the conclusion is obvious: The poll results show that crime has reached the dimension dangerous for the society. On one hand, people are not satisfied with the results of the work of law enforcement organs, and on the other, working there becomes increasingly less prestigious, and hence, we can hardly count on improvement.

After the poll results are fully processed, they will be sent to the Azerbaijani Cabinet of Ministers. The State Committee on Statistics will draft recommendations on combating crime.

'Slapstick' October Coup Events Reviewed

954F0272A Moscow ROSSIYA in Russian
 No 42, 2 Nov 94 p 5

[Article by T. Gasanov: "Aliyev Rewards Aliyev"]

[FBIS Translated Text]

Azerbaijan After the Slapstick Putsch

The anemic, operetta-like putsch in Azerbaijan, or rather unsuccessful attempt at one, undertaken in October, turned the daily morning bread lines, the packed city buses, and the once mundane gossiping sessions in offices and smoking rooms into something akin to a national political debating club. Through the maze of different versions, the mix of big names, there is the realization: "They are certainly confusing people like us."

Who was confusing the people of Azerbaijan in October of 1994? Suret Guseynov, the "tank premier," head of state, who did not understand the difference between inflation and deflation, who was attempting to do in Geydar Aliyev first with open criticism in the press of his favorite creation, the oil contract, and when he failed to get a chance to do so, with that ridiculous Guandzhin mutiny? Rovshan Dzhavadov, hero of the Karabakh war, the rather touchy policeman No. 2 in Azerbaijan, brother of Makhir Dzhavadov? Makhir Dzhavadov, servant of Themis and a fist-law opponent of its high priest (now already a former one), the ex-procurator Ali Omarov, the originator of the raid on Sumgait by camouflage fatigues-clad forces, brother of Rovshan Dzhavadov? Or...

A journalist colleague of mine expressed himself very graphically about the individual we designated above with three dots after the word "or", in full compliance with censorship laws, whom he has known well from the time of "the first coming": "G.A. is conducting a match simultaneously on two boards. On the first one he is playing a highly complicated game with such chess masters as Clinton, Major, Demirel, Rafsanjani, and so on. If he occasionally loses, it is not because of his own blunders, but as a result of the varying power of individuals: They have queens and bishops, whereas G.A. has pawns, or at best knights, and such. The second board is for domestic use, so to say, and it is not chess, not even checkers. There is a child's game called "chapeyevets." A flick and a checker disappears. Another flick—another checker vanishes.

In October 1994 the president of Azerbaijan played several games of "chapeyevets" in an expert manner, eliminating his political and personal opponents from the board.

The principal reward for Geydar Aliyev, which he presented to himself and which compensated him for the grave risk he took, the superhuman nervous and physical loads he bore, was the removal of Surat Guseynov, the prime minister. By edict of 7 October, which included a

detailed description of the circumstances surrounding the attempt at an armed upheaval and the role played in it by S. Guseynov, G. Aliyev removed the prime minister from the post he had occupied. Two days later Surat Guseynov was eliminated from the Milli Mejlis (national assembly), and in another five days he was stripped of his title as "National Hero of Azerbaijan" by unanimously indignant elected representatives—the same ones who a year ago had confirmed his appointment to the post of head of government, while S. Guseynov was peering at them through a tank guns-sight. Now all traces of the former prim minister have vanished.

It is most likely that S. Guseynov will appear in Russia, where he has contacts with the Army and the military-industrial complex and will join the "Moscow wing" of the Azerbaijan opposition in exile, led by Ayaz Mutalibov, the former president (there is also a "Turkish wing," which gathers mainly Elchibey's people and other supporters of pan-Turkism).

Surat Guseynov is undoubtedly the biggest pawn that Geydar Aliyev has managed to eliminate, and not with one move, but through a combination of carefully calculated attacks. In order to corroborate that, let us sketch the chronology of events on the most critical day of the putsch—4 October.

On that "Black Tuesday" in Azerbaijan, the brothers Dzhavadov, sequestering themselves at the OPON (Special Police Detachment) base, following the Western-style attack on the republic procurator's office, had the power to dictate their conditions to G. Aliyev. By evening the OPON forces, loyal to Rovshan Dzhavadov, "privatized" five tanks, two radar installations, and three trucks brought by government troops sent to the barracks in order to prepare an attack. The procedure involved in the acceptance-transfer of army equipment to the insurgents resembled a farce. One of the commanders of the government troops gifted "the Rovshan boys" with a tank, recalling that he had fought with them in Karabakh. "They asked to take a ride, well, I let them...." is how the dispenser of armored forces explained his deed.

In possession of the "final argument of kings" (the OPON forces had a total of eight tanks, nine BMP's, and nine trucks), the brothers Dzhavadov saw no need to revert to the first argument—diplomatic intervention. OPON emissaries of Geydar Aliyev, the poet Bakhtiyar Vagab-zade, Nadzhemeddin Salykhov, chief of the general staff of the Ministry of Defense, Akif Muradverdiyev, a staff member in the president's office, and the father of Rovshan and Makhir-Bakhtiyarkish, returned from the OPON "hornets' nest" with nothing. The brothers remained adamant in demanding the resignation of Ramil Usbov, the minister of internal affairs, and Ali Omarov, the general procurator, as well as the fulfillment of a point calling for the convocation of an

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extraordinary session of the Supreme Council of Azerbaijan (and not the Milli Mejlis), which was highly disagreeable to G. Aliyev.

In Gyandzha, the second largest city in Azerbaijan, whose sociopolitical mentality is usually compared with the French Vendee or with Kronshtadt, that pyramid was being severely rocked by Surat Guseynov. On 4 October his people actually seized the city, banished the head of administration, and gained control of the railroad station, the airport, the television center, and communications facilities.

The ominously synchronized appearances of the brothers Dzhavadov in Baku and the "tank premier" in Gyandzha made one think about all too clearly evident a parallel. It was also clear that the starting mechanism in the upheaval was launched after the signing of the oil contract by Azerbaijan, which caused an unconcealed diplomatic demarche of Russia and a hidden one of Iran. If one is to accept the version that Surat Guseynov was a creation of the Russian military-industrial complex and the "Moscow wing" of Azerbaijan opposition, it becomes clear why the role of a battering ram was given specifically to him. Gedar Aliyev himself, who had already broken the resistance of the insurgents, did not deny himself the pleasure the very next day of saying, with a sense of relish, the names of his enemies who had lost another round in the struggle for power to him. "Some of the plans (for destruction of the state of Azerbaijan—Auth. note) were prepared in Moscow," he stated, "being candid" at the 5 October meeting of "approval." "When I say 'in Moscow,' I have in mind those who fled from Azerbaijan, such traitors as Ayaz Mutalibov and Vagif Guseynov (former chairman of the Azerbaijan KGB.—Auth. note)."

The scenario of the "stereophonic" upheaval (from two power flanks—Baku and Gyandzha) suddenly collapses. Toward the end of the day, Rovshan Dzhavadov abruptly declares that he is on the side of Geydar Aliyev, while his previous demands (resignation of "the power cell," convocation of a session of the Supreme Council) are transformed into "proposals." From then on, the evolution of the putsch followed a descending line.

Such an amazing metamorphosis in the behavior of Rovshan Dzhavadov did not lack different versions. It is more than likely that, agreeing to peace, he demanded guarantees of safety from the president, and possibly certain political and service dividends as well.

The simultaneous cessation of R. Dzhavadov's resistance and the start of disturbances in Gyandzha leads one to the naive thought that the OPON mutiny could have been a result of a secret compact between Geydar Aliyev and Rovshan Dzhavadov for the purpose of provoking Surat Guseynov (whose opposition to the president grew with every day) to an open upheaval, which was then suppressed, and its organizer neutralized. The assumption of a direct compact seems absurd, if only because the idea of a compact does not fit the

psychological profile of Geydar Aliyev. Something else is more probable: The president made intuitive use of spontaneous, but undoubtedly unsanctioned, acts by the brothers Dzhavadov in order to "entice" S. Guseynov into an open struggle and force him to raise the visor. Which is what happened. At the same time, G. Aliyev undoubtedly took a risk, knowing that the situation both in Baku and Gyandzha could get out of control and become unmanageable.

If one is to follow French popular wisdom, expressed in the proverb, "Those who do not take risks do not drink champagne," Geydar Aliyev has full moral right to drain more than one glass of that bubbly beverage.

First of all, he succeeded in getting a carte-blanche for the most decisive actions against his enemies (which, most fortunately, he did not launch), as well as against authoritative political parties and movements, including those in the opposition.

Secondly, G. Aliyev, who appealed to the people twice, managed to bring out many thousands of people to the two solidarity meetings, thereby conducting a peculiar kind of referendum in support of the president. None of his predecessors at the Baku "White House," finding themselves in a similar position, dared to do this.

Thirdly, Geydar Aliyev got the opportunity of getting rid of highly corrupt officials who had compromised themselves, such as Ali Omarov, the general procurator, and carry out some personnel reshuffling advantageous to him, which included the vacant key post of prime minister. There are about five politicians who are ready to compete for the post of head of government. They include Rasul Guliyev, chairman of the Supreme Council and an individual from the president's entourage, and Gasan Gasnov, the current minister of foreign affairs. Geydar Aliyev himself, however remains the most likely candidate for the post of head of government, and he does not need man number two or number three in the government, since he is first everywhere and in everything. As they say, with a wealth of choices there is no other alternative.

Among the president's liabilities is the new thorn in his side, his current "sworn friend" Rovshan Dzhavadov, who was given the role of "Surat Guseynov-first violin" by fickle history and who, it is quite possible, will in the near future be labelled by the people the "tank minister of internal affairs." Will Geydar Aliyev manage to deal with the brothers Dzhavadov by playing the "chapaevtsy" game? Thus far, at any rate, Makhir Dzhavadov has launched a trial balloon testing the long-suffering Geydar Aliyev's patience, conducting a raid on 7 October on the sports committee in the city of Sumgait, whose leader is Gakhraman Mekhraliyev, the de-facto OPON head there.

But the opposition of the brothers Dzhavadov has not yet matured to the Surat Guseynov degree of ripeness. At the same time, Geydar Aliyev has more than once

demonstrated his ability, bordering on an art, to wait when it is time for one or another ripened "fruit" to fall (Mutalibov, Elchibey, Guseynov), and shake the tree specifically at the moment when, according to the precepts of the great Lenin, "today is too early, while the day after tomorrow will be too late." At present G.A. is busily finishing off the steadily dwindling small "pawns" that survived the slapstick putsch.

Azerbaijan, Iran Discuss Oil Cooperation

954k0365a Baku AZERBAYDZHAN in Russian
12 Nov 94 p 1

[Unattributed AZERBAYDZHAN report: "Azerbaijan-Iran: Cooperation Prospects"]

[FBIS Translated Text] The prospects of Azerbaijani-Iranian cooperation in the sphere of the economy, in the field of oil and gas industry included, were discussed at a meeting between Rasul Guliyev, chairman of the Supreme Council of Azerbaijan, and a delegation of the IRI [Islamic Republic of Iran] headed by this country's oil minister, Gholam Reza Aqazadeh, which was held on 10 November. The shipment of natural gas from Iran to Azerbaijan and the construction of a joint oil refinery in the Nakhchivan Autonomous Republic were considered in the course of the talks. There was a comprehensive exchange of opinions on the possibilities of the use in Iranian industry of Azerbaijan's production potential in the sphere of petroleum machine building, and the problem of an increase in commodity turnover between the two countries and certain other matters were broached. The expediency of a specification of the areas of bilateral cooperation in the said fields at negotiations between the pertinent ministries and companies of both states was noted.

Delegation Head Views CIS Assembly Results

954K0365b Baku AZERBAYDZHAN in Russian
12 Nov 94 p 1

[Interview with Yashar Aliyev recorded by Farid Arifoglu; place and date not given: "Defending Azerbaijan's Interests"]

[FBIS Translated Text] Ever-increasing significance is attached in the modern world in the system of international and interstate relations to interparliamentary ties. Meetings of interparliamentary organizations always arouse great interest. The participation of a delegation of the parliament of Azerbaijan in such forums is undoubtedly contributing to a strengthening of the republic's positions in the international arena. On 28-29 October, members of parliament of Azerbaijan took part in a regular session of the Interparliamentary Assembly (IPA) of members of the CIS held in St. Petersburg. Our correspondent interviews on the results of the forum Yashar Aliyev, deputy chairman of the Supreme Council of Azerbaijan, who headed the delegation of the country's parliament at the Assembly.

[Arifoglu] Yashar muallim, what matters were considered in the course of the Assembly's work?

[Aliyev] The IPA Council and the plenary session of the Assembly on 28-29 October in St. Petersburg considered a whole range of issues concerning various aspects of the life of the Commonwealth countries. Mention may be made among the documents discussed and adopted of the recommended legislative acts "On Principles of Local Government in States of the CIS," "On Official Statistics," "On the Minimum Consumer Budget," and "On Basic Principles of Cooperation of the CIS States in the Sphere of Tourism." The Assembly approved the Charter of the Social Rights and Guarantees of citizens of the independent states and adopted a model civil code (part one). In addition, the participants in the IPA supported the idea of a physical culture festival devoted to the 50th anniversary of the end of World War II.

The members of our delegation, the deputies Gyulnara Gurbanova, Shaitdin Aliyev, Vagif Gasymov, Kheyrolla Aliyev, and Mustafa Nasirov, and also Aydyn Dzha-farov, representative of the parliament of Azerbaijan at the IPA, participated actively in the work of the commissions and in the plenary session of the Assembly.

I would like to emphasize particularly the scrupulous position of the parliamentary delegation of Azerbaijan in respect to items on the forum's agenda—"On the Appeal Concerning the Impermissibility of a Blockade in Respect to the Participants in the Commonwealth of Independent States" and "On the Group of Military Observers and Collective Peacekeeping Force in the Commonwealth of Independent States."

The first of the said items had been prepared over the course of a year at the IPA Economics and Finance Commission, headed by L. Akopyan. At previous sessions of the Assembly, our delegation had twice succeeded in getting its discussion postponed. On this occasion we had it removed from the agenda, conveying to the participants in the IPA that the document presented by the commission reflected many matters totally unrelated to economics and finance. It dealt more with concerted means of pressure on some one party, that is, on the use of sanctions. We observed that these measures were contrary to rules of law and that this item could not be considered in the context of the relations of two states, which were not named, it is true, but it was clear to everyone that we were talking about Armenia and Azerbaijan. Our delegation focused the attention of the participants in the forum on the fact that the said item had been in preparation for a year and that some of its propositions were out of date in the light of the decisions that had been adopted at the meeting of heads of state of the CIS held on 21 October 1994 in Moscow. We also emphasized the need for all-around consideration of the proposed document in the IPA legal, foreign policy, and

other commissions. The chairman of the IPA, V. Shumeyko, head of the Federation Council of Russia, supported the position of our delegation, and, in accordance with his motion, the item was removed from the agenda altogether.

The members of parliament of Azerbaijan presented their dissenting opinion also on the matter of "On the Group of Military Observers and Collective Peacekeeping Force in the Commonwealth of Independent States" that had been prepared by the Defense and Security Commission. It is interesting that the commission had not reached consensus on the draft document. And the decision to include this issue on the agenda of the plenary session of the Assembly was made, according to the standing orders, by the IPA Council. Debate developed around Article 16 of the statute "On the Group of Observers and Collective Peacekeeping Force in the Commonwealth of Independent States." The draft observed: "Peacekeeping groups shall be formed on a coalition basis with the participation of the participants in the CIS, except the parties to a conflict." The dissenting opinion of the Azerbaijan Republic, which had been expressed at the previous session of the IPA, amounted to the fact that we insisted on the following wording: "...except for the parties to a conflict and states involved in the conflict."

Our delegation voiced disagreement also with one further point of the document: "The mandate for each peacekeeping operation shall be confirmed by the Council of Heads of State following a recommendation of the Council of Ministers of Foreign Affairs of the participants in the CIS." According to the document on the adoption of a decision to conduct peacekeeping operations, the Council of Heads of State shall notify the UN Security Council and the current chairman of the CSCE; proceeding from the situation and the scale of the conflict and in accordance with the UN Charter, the Council of Heads of State shall request of the UN Security Council the authority and financial resources to conduct the peacekeeping operations. As of this time, there are two international organizations—the UN Security Council and the CSCE—that are entitled to a mandate for peacekeeping actions. In this case, however, we are talking about a third structure endowed with the right to adopt decisions on peacekeeping operations, and it merely notifies the UN Security Council and the CSCE here.

We are of the opinion that all countries of the CIS, as members of the United Nations, recognize the principles of this international organization, including its right to mount peacekeeping actions, and for this reason there is no need for this right to be extended to other structures. In addition, the proposed document contains unduly vague wording allowing of an arbitrary interpretation of the "proceeding from the situation" and "scale of the

conflict" type. There were, generally, many vagaries requiring detailed amplification. We called the attention of the participants in the IPA also to the fact that a legal foundation of the draft in question is the agreement "On the Group of Military Observers and Collective Peacekeeping Force in the CIS" of 20 March 1992, which was signed by the heads of state of the Commonwealth. Azerbaijan acceded to it with the proviso that it take effect following ratification in parliament. And on the basis of the fact that ratification did not take place, the Azerbaijani delegation did not take part in the vote on the document. Guided by considerations of its own, the delegation of Moldova refused to sign it also. The position of the two states was reflected in the final communique.

[Arifoglu] Did the delegation of the parliament of Azerbaijan present any proposals, initiatives?

[Aliyev] We proposed discussion of the question "On Principles of Mutual Relations of State of the CIS" and submitted the corresponding draft to the IPA Secretariat. Our delegation employed it also as a counter-argument during discussion of the question of the blockade. We justified our position by the fact that it was necessary first to determine positions on the principles of the building of mutual relations between states of the Commonwealth, and then the question of the blockade, as part of this problem, would be resolved. As far as the fate of the draft that we presented is concerned, it will be revised in the commissions and presented at a session of the IPA.

[Arifoglu] Which documents adopted at the Assembly are of the most interest for our parliament?

[Aliyev] The recommended legislative acts adopted by the Assembly could and should be used in the process of the creation of our national laws. Literally a few days ago, the Supreme Council Secretariat began work on the organization of a commission of specialists whose purpose is the study of a model civil code for the participants in the CIS. A group of our experts took part in the drafting of this important and interesting document. Work has now started on the preparation of a version of it with reference to Azerbaijan. In addition, the leadership of the Council for Foreign Tourism displayed an interest in the recommended legislative act "On Basic Principles of Cooperation of Participants in the CIS in the Sphere of Tourism."

Mention should be made also of the fact that we already have many of the acts that the Assembly is recommending or preparing at this time: The laws "On Veterans," "On the Minimum Consumer Budget," "On Statistics," and such.

In addition, participation in the work of the IPA is enabling Azerbaijan to use the platform of the forum to state its position on various matters.

ESTONIA

Officials, Workers Assess Economic Reform Performance

95P50017A Helsinki HELSINGIN SANOMAT
in Finnish 1 Nov 94 pp D 1-2

[Article by Pilvikki Kause: "Estonia's Fast Trip Toward Market Economy"]

[FBIS Translated Text] (Tallinn) If Estonia's Central Bank President Siim Kallas knew Liisa Metusala, he would be pleased. "Just a few years ago, we dreamed with friends to leave for Finland or America. Now no one contemplates moving away," Liisa, age 21, says.

Metusala is a goal-directed young woman who has confidence in her own business enterprise and in Estonia's future. In the opinion of a hard-driven Kallas, who has whiplashed a tough market economic forward, it is just such people who are the locomotives of Estonia's development.

Metusala lives with her parents in a multistoried Tallinn apartment building. On work days, the parents do not see much of their daughter, whose days stretch to eleven hours with hardly a break. Metusala is employed in a large metals firm as a secretary and is in her first year of taking college-level economics courses in the evening. She envisages for her career a fast-track rise to manager in some private business.

"All my friends go to work; they are either working or both studying and working at the same." If Metusala did not have a job in addition to her studies, the family's economic situation would be too tough. Liisa's mother Kirsti is retired, and her pension of 524 kroons, or 800 Finnish markkas, goes entirely for housing. Liisa's father Tiit is an assistant professor at the business college. His "slightly above average Estonian salary"—or a sum amounting to just over 650 markkas—is spent on bare essentials.

The Metusalas do not want to complain about money being tight. As with many Estonians, for them being liberated from Soviet occupation is still a wonderful miracle which makes it worth while to work hard and make sacrifices.

"Things are moving in the right direction. Compared with Soviet times, people have real work to perform. Now in the shops it even smells good," Kirsti Metusala says laughingly.

Nordic Models Not Imitated

Estonian Central Bank President Siim Kallas says the society is being built according to its own "Estonian model." The economic cornerstone is that each person has to take initiative; the guardianship mentality of the Soviet period no longer serves, resolutely affirms Kallas, the main architect of the economic reform.

By no means have Nordic welfare states always been prototypes, he continues. Just the idea of copying from neighbors on the other side of the Gulf Finland makes Siim laugh.

"To attain the most rapid growth for the national economy and achieving advances in areas other than the economy, by increasing individual decisionmaking—this means taking responsibility."

Estonia commenced serious conversion to a market economy immediately upon the break of the Soviet Union. The International Monetary Fund (IMF) gave approval to the program in summer of 1992. Estonians acted to establish a credible currency and stabilize the budget. The kroon was linked by law to the German mark at a ratio of 8:1. The kroon cannot be devaluated with approval of Parliament. In this way the nightmare of an unbacked money was avoided.

The state does not pay subsidies to private businesses, banks or agriculture.

"In my view, farm subsidies are history. It is a wonder that such large sums are spent in various areas of Europe, for example in Finland, for supporting this single sector of production," Kallas says smilingly.

Nor does agriculture in Estonia get import protection, and foreign trade otherwise is also extremely free. Taxes are low; the income tax for citizens and companies is 26 percent.

Where for Eight Kroons There Is One German Mark

This strict policy has begun to produce correspondingly promising results to such an extent that the IMF now considers Estonia as the only perfect model of a successful conversion economy. Western experts have even labeled this small country of 1.5 million inhabitants an economic miracle among countries having freed themselves from Soviet control.

Estonia's estimated thirty-percent drop, suffered in gross national production from 1991 through 1993, bottomed out and turned upward at the end of last year. This year, economic growth might even reach six percent. Also the tough blows seen in real wages began to show signs of cautiously turning upward with increased private consumption.

And if one has sufficient money, there is plenty to buy in stores. New shops and restaurants are being started constantly. The dreariness built into Soviet buildings is being covered with paint, and shoddiness is rapidly disappearing.

Inflation has dropped from a thousand percent in 1992 to around fifteen percent this year. Inflation has mainly been accompanied by an adjustment to the level of world market prices.

Despite inflation and the strengthening of the German mark, the kroon has not been devalued, since hard

currency from abroad has flowed into bank vaults, assures Kallas. The kroon is considered a good investment.

"If somewhere there are eight kroons, then correspondingly there always exists a mark. The kroon will never be devalued," says the bank president with a smile.

"Populists Threaten Economic Policy"

Kallas, known for his confidence and capabilities, came very close to becoming prime minister a few weeks ago. President Lennart Meri named the independent Kallas his candidate when the coalition, led by right-wing Isamaa [Fatherland] Party Prime Minister Maart Laar, fell due to a scandal.

The fractured parliament rejected Kallas. The bank president rejects the idea that the reason lies in his admiration for unadulterated capitalism. Parliament has indeed obediently followed this tough economic policy. Last week the likewise independent Prime Minister Andres Tarand promised to keep his government headed in the same direction.

However, pressures for changing direction have begun to appear. Elections will be held in March, and both political parties and public opinion have begun focusing attention on the adverse side of reform: the cruel situation of retirees, the depressing plight of the rural population, and the meagerness of unemployment compensation. "Of course economic reform has brought problems. The gap between rich and poor is growing, which in turn has created tensions in society. And indeed now some politicians are blaming monetary policy for our not being able to pay more to retired people. There is a dangerous populism in some political parties," Kallas warns.

However, in right-wing Estonia the former Communists are not going to rise to power after the elections, as they did in Poland and Lithuania, [according to Kallas]. A move politically more to the center is, on the other hand, a possibility.

Still searching for their own place in society, organized labor is for the first time planning to form an election alliance with the Social Democrats. Kallas, however, does not consider labor union leaders a threat to [his] economic policy. "The labor movement also has to understand that wages should not rise too quickly. On the other hand, I believe that in three to four years from now Estonia will no longer be a cheap-labor country."

Faith in Capitalism Stronger Than the Pope's Faith

Estonian Academy of Science researcher Teet Rajasalu thinks the Estonian government and Parliament are building a market economy as if straight from a textbook. "We believe in the market economy more strongly than the Roman Pope does in his own faith. Surely no economy anywhere in the world is so open. I do not

know how long we will be able to continue this way," wonders National Economy Institute Research Director Rajasalu.

He says that he does not oppose the basic idea that each pay his own bill. However, guarantees should not be too unconditional. "Unfortunately, our average salaries are so low that not many families are getting by," he says.

Among other things, Rajasalu worries about the fate of pensioners. "Their situation has gotten much worse than under socialism. The elderly do not even have any savings, since inflation has eaten them up," he says. "Unemployment is not a serious problem in Estonia, but 180 kroons (some 70 Finnish markkas) as monthly unemployment compensation suffices for only two meals in a restaurant," Rajasalu notes.

In his view, the state should have an even greater responsibility in converting the social and healthcare systems, in maintaining the educational system and in agriculture.

Brazilian Broilers Drive Out Estonian Chickens

Agriculture's share of GNP has dropped for the third year in a row, from 16.8 to 6.9 percent. One of the many reasons for this is the collapse of the Soviet markets; during Soviet times Estonia's agriculture was overemphasized.

Faced with Western competition, Estonia's weak dairy and meat processing kombinats have not been able to pay their debts to farmers. The latter, in turn, have not been able to buy cattle feed or fertilizers. Because of unlimited subsidized imports, farm bankruptcies have accelerated.

"Last year we wondered where Estonian chickens could be sold, since there were so many. Now the stores have Brazilian broilers, because many Estonian farms have been forced to halt production. Even meat has to be brought in from Denmark, since our own does not suffice," Rajasalu states. In the view of this expert, the government should make clear decisions about agriculture's future. Kolhooz farms are being dismantled, and people are getting their own plots back. However, no one knows whether they are going to be able to compete with cheap products from Finland, for example, or what kind of investments would be needed.

"The new farm owners have not been able to make independent decisions for fifty years because the kolhooz had decisionmaking power. The state should therefore help them in the beginning."

However, the state has scarce resources to offer in support.

"Taxes should be raised, but the state is still too weak to make the tax system run efficiently. Tax levels were kept low because it was hoped that no one then would hide

their income. Nevertheless, officially declared incomes from individual businesses have been so small that they are nowhere near reality."

The researcher ponders why Estonia has decided on an extreme road to building a market economy. "Under socialism the state was responsible for nearly everything, and we did not trust the government or the state. For this reason, we think that private decisionmaking and a free market economy will lead to better solutions."

Predictions of Widespread Unemployment Not Realized

Crafts instructor Liia Vabamäe is demonstrating sewing techniques to a mixed-age group of Tallinn women. These women are attending a three-month training course organized by the Labor Office in order to obtain jobs as seamstresses.

On the tables lie the Russian-language newspapers BURDA, and Vabamäe teaches her students in that language. "The students are all Russians. They are engineers, geologists, biologists.....," she reads from the class roll.

Estonia's Unemployed Are Russians

Unemployment in Tallinn is 0.20 percent, but of these by nationality three-fourths are Russians. And of the latter, most are women.

"I was a cook before being let go," states sewing student Tatjana Goidina, age 19.

The women in this course are also studying Estonian in order to increase their chances of landing a job. Those speaking only Russian can easily fall into society's lower class.

Vabamäe asserts that all her "fantastic and smart" students will find jobs. There is a large shortage of skilled seamstresses. Large textile factories, as well as numerous small plants founded by foreign or domestic interests, turn out clothes as subcontractors for companies in Finland, among other places.

Reduced Number of Working-Age People

Unemployment in Estonia is very low. There is a shortage of skilled labor in every sector—in addition to

seamstresses and tailors, for example, there are not enough building trade workers or welders. When the reforms started, Western experts estimated that up to 40 percent could be without jobs.

"We have managed on our part so well that there is no unemployment," jokes National Employment Office spokesman Inge Rauba.

The reason for the faulty predictions is partly explained by a drop in the number of working-age people. In the last two years some 50,000 Russians have left Estonia. Large state-owned companies have not gone into bankruptcy to the extent expected. Also, part of the population is earning livelihood from the gray economy.

As of the first of October, unemployment stood at 1.49 percent of the work force, or the equivalent of 17,000 people.

In order to get 180 kroons in unemployment compensation one must perform 80 hours of public service work. "For example, one can help with road building, cleaning work or potato harvesting. Such work pays six kroons (a couple of markkas) daily." In addition, the unemployed individual often gets subsistence allowance.

According to Rauba, unemployment is actually three to four times larger than the official percentage. Many people simply do not want to make the trip to the local employment office and fill out forms, for example in rural areas, where distances are great and the paltry compensation payment would be spent in bus fare.

Fontes consultant firm director Tonis Arro states that Estonian attitudes regarding labor are still dominated by Soviet-era male values. "Companies generally want young males with capabilities in languages. A woman can get the job if she is 'extremely good'." Arro states.

Fontes conducts searches for managers and white-collar workers for foreign- and Estonian-owned companies. Last year, the number of Fontes workers swelled to three times that of the preceding year, and growth is continuing, he says. For this reason, this firm, founded by the Tartu University psychologist, is moving to Tallinn next summer.

"I have heard that firms in this sector succeed only where production is growing strongly."

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